rofin
ROFIN-SINAR TECHNOLOGIES

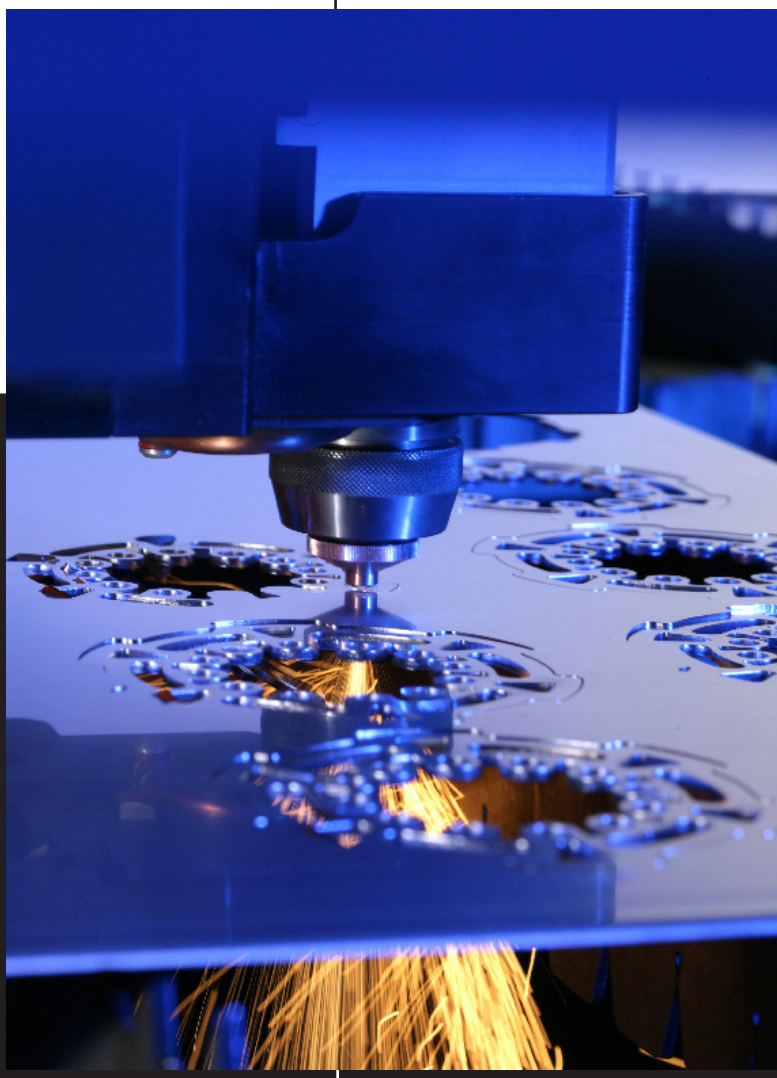
10-K

Fiscal Year 2008

Oct. 1, 2007 - Sep. 30, 2008

ROFIN-SINAR Technologies Inc.

NASDAQ: RSTI
Prime Standard: ISIN US7750431022



WE THINK LASER

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

FORM 10-K

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

For the fiscal year ended September 30, 2008

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

For the transition period from to

Commission file number: 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)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per Share Rights Associated with Common Stock, par value $0.01 per Share	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant based upon the closing price of the common stock on March 30, 2008 (the last business day of the most recently completed second fiscal quarter) as reported by the NASDAQ Global Select Market was approximately $1,332,313,210 For the purposes hereof, "affiliates" include all executive officers and directors of the registrant.

28,896,619 shares of the Registrant's common stock, par value $.01 per share, were outstanding as of November 28, 2008.

Certain sections of the Company's Proxy Statement to be filed in connection with the Company's 2009 Annual Meeting of Stockholders to be held in March 2009 are incorporated by reference herein at Part III, Items 10-14.

ROFIN-SINAR TECHNOLOGIES INC.

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PART I

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K 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". 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.

These factors include (among others):

- downturns in the machine tool, automotive, semiconductor and electronics industries which may have, in the future, a material adverse effect on sales and profitability of the Company;
- the ability of the Company's OEM-customers to incorporate its laser products into their systems;
- the impact of exchange rate fluctuations, which may be significant because a substantial portion of the Company's operations is located overseas;
- the level of competition and the ability of the Company to compete in the markets for its products;
- the Company's ability to develop new and enhanced products to meet market demand or to adequately utilize its existing technology;
- third party infringement of the Company's proprietary technology or third party claims against the Company for the infringement or misappropriation of their proprietary rights;
- competing technologies that are similar to or that serve the same uses as the Company's technology;
- the scope of patent protection that the Company is able to obtain or maintain;
- the Company's ability to efficiently manage the risks associated with its international operations; and
- the other risks described under "ITEM 1A - Risk Factors".

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.

ITEM 1. BUSINESS

COMPANY OVERVIEW AND HISTORY

Rofin-Sinar Technologies Inc. was incorporated in 1996 under the laws of the State of Delaware and is a NASDAQ listed Company. We are a leader in the design, development, engineering, manufacturing and marketing of laser-based products, primarily used for cutting, welding and marking a wide range of materials. In this report, the terms "Company", "Rofin", "RSTI", "we", "us", and "our" mean Rofin-Sinar Technologies Inc, and all entities included in our consolidated financial statements

Lasers are a non-contact technology for material processing, which have several advantages compared to conventional manufacturing tools that are desirable in industrial applications. The Company's lasers all deliver a high-quality beam at guaranteed power outputs and feature compact design, high processing speed, flexibility, low operating and maintenance costs and easy integration into the customer's production process. As a technological leader in CO_2, solid-state lasers and diode lasers**,** the Company is able to meet a broad range of its customers' material processing requirements.

Based on the revised 2007 industry data of the Optoelectronics Report for laser products used for macro (cutting and welding) applications and marking and micro (fine cutting, fine welding, and perforating) applications combined, the Company had a worldwide market share (based on sales volume) in 2007 of approximately 18%. Using the Optoelectronics Report industry data projected for 2008, the Company believes it has a worldwide market share of approximately 20% and that it is among the largest suppliers of laser products used for marking applications worldwide. The Company has sold more than 47,000 laser sources since 1975 and currently has over 3,000 active customers (including multinational companies with multiple facilities purchasing from the Company). During fiscal 2008, 2007, and 2006, approximately 41%, 43%, and 41%, respectively, of the Company's revenues related to sales of laser products for macro applications, approximately 10%, 9%, and 8% respectively, related to sales of components, and approximately 49%, 48%, and 51%, respectively, related to sales of laser products for marking and micro applications.

Through its global manufacturing, distribution and service network, the Company provides a comprehensive range of laser sources and laser-based system solutions to three principal target markets: the machine tool, automotive, and the semiconductor and electronics industries. The Company sells directly to end-users and to original equipment manufacturers ("OEMs") (principally in the machine tool industry) that integrate Rofin's laser sources with other system components. Many of Rofin's customers are among the largest global participants in their respective industries. During fiscal 2008, 2007, and 2006, 25%, 23%, and 30%, respectively, of the Company's sales were in North America, 51%, 55%, and 48%, respectively, were in Europe and 24%, 22%, and 22%, respectively, were in Asia. See Note 13, "Geographic Information", to the consolidated financial statements for further information.

On December 2, 2006, the Company purchased an additional 1% of the share capital of Rofin-Sinar U.K. Ltd. through Rofin-Sinar Technologies Europe S.L. under an option agreement between the Company and the former minority shareholders. This purchase resulted in goodwill of $0.2 million. Effective December 3, 2007, the Company purchased the remaining 19% of the share capital of Rofin-Sinar U.K. Ltd. through Rofin-Sinar Technologies Europe S.L. under an option agreement between the Company and the former minority shareholders. The Company now holds 100% of the share capital of Rofin-Sinar U.K. Ltd. This purchase resulted in goodwill of $5.6 million.

Effective February 28, 2007, the Company acquired 80% of the common stock of m2k-laser GmbH, Freiburg (Germany), through its wholly-owned subsidiary Rofin-Sinar Laser GmbH. m2k-laser GmbH develops and manufactures semiconductor lasers based on the III-V compounds GaAs and GaSb for use predominantly in the scientific industry. The same components can also be used for pumping solid-state lasers, which are used for material processing. Additionally the parties have agreed on a put/call option exercisable beginning in 2012 for the remaining 20% of the common stock. Accordingly, the Company's financial statements present m2k-laser GmbH as if it was 100%-owned. This purchase resulted in goodwill of approximately $0.6 million.

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 fiber-coupled diode laser systems, continuous-wave and ultra short pulse mode-locked fiber laser systems, and components such as diode lasers for a wide range of material processing applications. The terms of the purchase include payment of deferred purchase price based on Corelase Oy achieving certain financial targets. This purchase resulted in goodwill of approximately $6.9 million.

Effective April 05, 2007, the Company acquired 100% of the common stock of ES Technology Ltd., Oxford (UK), through its wholly-owned subsidiary Rofin-Baasel UK Ltd. ES Technology Ltd. develops customized laser marking system solutions based on various laser technologies and distributes a number of optical devices and components into Northern European territories from several American suppliers via its subsidiary, Laser Service (Oxford) Ltd. This purchase resulted in goodwill of approximately $0.7 million.

Effective January 24, 2008, the Company purchased Nufern, one of the world's largest independent manufacturers of specialty fibers and fiber laser modules serving a wide range of industries, as a wholly-owned subsidiary of Rofin-Sinar Technologies Inc. This purchase resulted in goodwill of $6.6 million.

The acquisition of Nufern is accounted for as a purchase business combination. Assets acquired and liabilities assumed are recorded in the accompanying consolidated balance sheet at their estimated fair values at January 24, 2008. The Company is in the process of finalizing its valuation of the identified intangible assets related to this acquisition. To the extent the final valuation is different from the Company's preliminary assessment of fair value, a purchase price adjustment will be made, which could impact the amount of goodwill recorded. Nufern was purchased for cash. In connection with, and as part of the consideration for, the acquisition, the Company agreed to make additional payments to the former Nufern stockholders contingent upon Nufern achieving specific financial performance metrics through calendar year 2008. On November 14, 2008, the Company and the former stockholders entered into an agreement pursuant to which the Company agreed to pay the former Nufern stockholders an aggregate of $5.0 million in full satisfaction of its obligation to make the earn-out payment.

During the quarter ended June 30, 2008, the Company formed Dilas Diodelaser China Company Ltd. in Nanjing (China) through its 95% owned subsidiary Dilas Diodenlaser GmbH.

During the quarter ended June 30, 2008, the Company formed Nanjing Eastern Technologies Company Ltd. in Nanjing (China) as an 80% owned subsidiary.

Effective July 1, 2008, the Company formed Rofin-Baasel Swiss AG in Biel (Switzerland) as a wholly owned subsidiary through its wholly-owned subsidiary Rofin-Sinar Technologies Europe S.L.

The company is in the process of finalizing the acquisition of 80% of China-based Nanjing Eastern Laser Company Ltd. (NELC) through two separate cash transactions. NELC's product lines are largely comprised of high power, fast-axial flow CO_2 lasers, with a power range up to 3 kW as well as NC-based laser processing equipment.

On November 7, 2007, the Board of Directors approved a 2-for-1 stock split. The stock split was in the form of a dividend of one share of Common Stock on each outstanding share and the distribution date was December 5, 2007, for shareholders of record as of November 22, 2007. All share and per share amounts disclosed in the Consolidated Balance Sheet and Statement of Operations and Notes 11, 16 and 17 to the Consolidated Financial Statements have been adjusted to reflect the 2-for-1 stock split. The Board also approved a stock buyback plan. The stock buyback program was completed as per June 30, 2008. The Company bought back approximately 2.8 million shares for an amount of $ 120.0 million.

BUSINESS STRATEGY

The Company's business strategy is to maximize shareholder value by (i) strengthening its position as a leading supplier to the global market for macro (cutting and welding) applications; (ii) capitalizing on its leadership position in marking applications; (iii) extending its position in micro (fine cutting, fine welding and perforating) applications; (iv) cross-selling its various laser products to its existing large customer base; (v) enlarging its market coverage geographically and by developing new applications, and (vi) strengthening its product portfolio and customer base through acquisitions.

The Company believes that the major sources of its future growth will be the following:

- Developing New Laser Products through Technological Innovation: Product innovation in response to evolving customer needs for increased output power, greater penetration and higher processing speeds is a key component of the Company's strategy. The Company is currently focusing its research and development activity on expanding the output power range of its CO_2, diffusion cooled, wave-guide Slab lasers and enhancing the performance of its line of high power, fast-flow CO_2 lasers. The Company is also expanding its series of end and side pumped, solid-state lasers for marking and micro applications. In addition, the Company is actively engaged in the research and development of its low- and high-power fiber laser to further expand its solid-state laser range for marking, micro and macro applications. In addition, R&D is focused on expanding our component product range, especially in the field of passive and active fibers, laser diodes, power supplies and fiber delivery systems.

- Focusing on Cross-Selling to Existing Customers in Target Markets: The Company intends to continue to focus its sales and marketing activities on its traditional target markets (the machine tool, automotive, semiconductor and electronics industries) as well as those markets it has entered more recently (the medical device and photovoltaic industries). The Company has targeted and will continue to target these industries because they use advanced manufacturing processes that require continuing investments to improve production efficiency and because the Company has significant market presence in these sectors. To exploit its opportunities by developing new applications for existing laser technologies, the Company is further exploring the potential for use of its high-power, Q-Switch, diode pumped, solid state laser for edge ablation in the photovoltaic industry. In addition, building on the success of its laser marking of small integrated circuits, the Company intends to develop new applications, such as fine welding and micro soldering for the semiconductor and electronics industry. In the packaging industry, the Company is seeking new opportunities for foil perforation based on its extensive knowledge of paper perforation with lasers. In the photovoltaic industry the Company intends to further exploit structuring applications for its macro and micro laser products. Such as scribing of thin film solar cells or edge ablation.

- Capitalizing on Global Presence to Attract New Customers: The Company intends to capitalize on its customer base and the presence of its manufacturing, sales and service operations in the three principal geographic markets in which its customers operate (North America, Europe and the Asia/Pacific region) to increase market share in its existing industrial and geographic markets. The Company believes its global manufacturing, distribution and service network allows it to be more responsive to customers' needs and positions it to expand into additional promising markets which offer high long-term potential for growth.

- Offering Customized Solutions based on Standard Platforms: While the Company offers a wide range of laser applications and develops customized solutions for its customers, these applications and solutions are built on a focused number of product families comprised of standardized laser sources. For example, for its OEM-customers in the machine tool industry, the Company provides customized power supply packaging services. For its marking customers, the Company combines its standard laser marker with customized parts handling and software. For its micro applications customers, the Company delivers its standard laser sources in different customized packages. The Company believes that this product strategy has contributed to increases in product sales and intends to continue offering focused customization services and pursuing its initiatives to standardize its core products so as to lower its production costs and continue to improve its profitability.

- Acquiring Complementary Business Operations or Products: Since 1997 the Company has successfully completed and integrated twelve acquisitions, including its acquisitions of Dilas (1997), assets of Palomar Technologies UK Ltd. (1998), Rasant-Alcotec Beschichtungstechnik GmbH (1999), Baasel Lasertech (2000), Z-Laser S.A. (2001), Optoskand AB (2004), PRC Laser Corporation and Lee Laser, Inc. (2004), H2B Photonics GmbH (2006 and 2007), ES Technologies Ltd. (2007), Corelase Oy (2007), m2k-laser GmbH (2007) and Nufern (2008). Management believes that, collectively, these acquisitions have advanced the Company's worldwide expansion, consolidated the Company's position in the industrial laser material processing market and contributed to the Company's financial performance during the last several years. The Company will continue to seek opportunities to make value-based acquisitions that complement its business operations, broaden its product offerings or provide access to new geographical markets.

THE INDUSTRIAL LASER MARKET FOR MATERIAL PROCESSING

Over the past 30 years, lasers have revolutionized industrial manufacturing and have been used increasingly to provide reliable, flexible, non-contact, compact and high-speed alternatives to conventional technologies for processing various kinds of metal and non-metal materials in a broad range of advanced manufacturing applications. The industrial laser market is generally considered to be made up of laser sources sold for industrial applications including material processing, medical therapeutic, instrumentation, research, telecommunications, optical storage, entertainment, image recording, inspection, measurement and control, bar-code scanning and other end-uses.

LASER TECHNOLOGY

The term "laser" is an acronym for "Light Amplification by Stimulated Emission of Radiation". Lasers were first developed in the early 1960s in the United States. A laser consists of an active lasing medium that gives off its own light (radiation) when excited, an optical resonator with a partially-reflective output mirror at one end, a fully-reflective rear mirror at the other that permits the light to bounce back and forth between the mirrors through the lasing medium, and an external energy source used to excite the lasing medium. A laser works by causing the energy source to excite (pump) the lasing medium, which converts the energy from the source into an emission consisting of particles of light (photons). These photons stimulate the release of more photons, as they are reflected between the two mirrors, which form the resonator. The resulting build-up in the number of photons is emitted in the form of a laser beam through an output port or "window". By changing the energy and the lasing medium, different wavelengths and types of laser light can be produced. The laser produces light from the lasing medium to achieve the desired intensity, uniformity and wavelength through a series of reflective mirrors. The heat generated by the excitation of the lasing medium is dissipated through a cooling mechanism, which varies according to the type of laser technology.

Lasers are used for material processing because of the excellent focusability of laser beams. When focused through lenses and mirrors, the energy density in the focus spot is so high that metals and other materials can be melted and vaporized. The principal factors that distinguish different types of lasers and determine the particular laser suitable for a specific application are pulse duration, wavelength, output power, spatial coherence and cost per watt of laser power.

The three principal types of laser technologies currently used for material processing are CO_2 lasers, solid-state lasers and diode lasers.

CO_2 lasers, which use CO_2 gas as the lasing medium, are divided into high-power (above 500 watts) and low-power (below 500 watts) applications. There are two methods for CO_2 excitation, radio frequency ("RF" or "HF") and direct current ("DC") excitation. Most high-power CO_2 lasers are based on gas flow, in which a continuous supply of fresh laser gas flows through the laser cavity to create the energy necessary for excitation. Due to their ability to generate comparatively high levels of continuous-wave ("CW") power, CO_2 lasers are a particularly attractive laser medium for material processing applications. Material processing applications for CO_2 laser sources vary according to the power output and configuration of the laser system. The primary applications for high-power CO_2 lasers are cutting and welding of metal. Low-power CO_2 lasers are used principally for marking, cutting and engraving of non-metal materials. While both low- and high-power CO_2 lasers are used for cutting, the materials they are used to process and their physical size can vary significantly.

Solid-state lasers use flash lamps or laser diodes as source of excitation and are referred to as "flash-lamp-pumped" or "diode-pumped" lasers. The lasing medium is a solid-state crystal, generally in the form of a rod or a disc. Widely used crystal rod material is either Neodymium Yttrium Aluminium Garnet (Nd:YAG) or Neodymium Vanadate ($Nd:YVO_4$). The rod is positioned in a cavity, which is either a gold or ceramic reflector, and pumped using flash lamps or laser diodes from the side, or alternatively the rod is pumped from its ends with laser diodes. Typical output powers vary from 3 to 1,000 watts from a single rod and output powers up to 8,000 watts can be achieved by combining several cavities within a resonator. In the "disc design" the lasing medium is a thin crystal (typically Ytterbium:YAG) disc, which is excited by laser diodes in an optical multi-pass configuration. By using multiple thin disc laser heads within one resonator, several kilowatts of power can be generated. Fiber lasers use semiconductor diodes as the light source to pump specialty optical fibers, which are infused with rare earth ions. These fibers are called active fibers and are comparable in diameter to a human hair. The laser emission is created within optical fibers and delivered through a flexible cable.

Diode lasers or laser diodes are based on special semiconductor structures on a Gallium Arsenide (GaAs) die to generate laser light. A typical 10 mm long laser diode bar contains approximately 25 single laser emitters. When mounted on a specially designed, highly-efficient heat sink, a laser diode bar is able to produce up to 100 watts of laser output power. A single high-power laser diode module consists of: (1) a semiconductor laser diode-bar; (2) a high-efficient heat sink, on which the laser bar is mounted; and optional (3) a micro-lens system, which is mounted in front of the laser bar to collimate or focus the light. Optical output power can be increased by combining the beamlets of several laser diode modules on top of each other. Through optical combination of such modules, output powers in the kilowatt range can be achieved. Diode lasers typically have larger spot diameters when focused, and are typically used for surface treatment, micro-hardening, soldering and plastic welding.

THE COMPANY'S LASER PRODUCTS

The Company distinguishes itself from the majority of its competitors who specialize in only one or two of the three principal laser technologies for material processing by offering its customers CO_2, solid-state and diode laser sources and solutions in a variety of configurations and options. As a technological leader in CO_2 lasers, solid-state and diode lasers, the Company is able to meet a broad range of its customers' cutting, welding, and marking requirements. The Company's lasers all deliver a high-quality beam at guaranteed power outputs and feature compact design, high processing speed, flexibility, low operating and maintenance costs, and easy integration into the customer's production process. The Company's engineers and other technical experts work directly with the customer in the Company's applications centers to develop and customize the optimal solution for the customer's manufacturing requirements.
The Company currently offers a comprehensive range of laser products and related services for three principal material processing applications:

- Cutting, welding, and surface treatment (macro applications);
- marking; and
- fine cutting, fine welding, and micro structuring (micro applications).

Besides offering laser systems for some specialized niche applications, the Company works directly with its customers to develop and customize optimal solutions for their unique manufacturing requirements. In developing its laser-based solutions, the Company offers customers its expertise in:

- product development and manufacturing services based on more than 30 years of laser technology experience and applications know-how;
- application and process development, which means developing new laser-based applications for manufacturing customers and assisting them in integrating lasers into their production processes;
- system engineering, which means advising customers on machine design, including tooling, automation and controls for customers in need of "turn-key" solutions; and
- extensive after-sales support of its laser products, including technical support, field service, maintenance and training programs, and rapid spare parts delivery.

The following table sets forth the Company's net sales of laser products used for macro applications, laser products used for marking and micro applications, and components in fiscal 2008, 2007, and 2006:

	September 30,		
Product Category*	2008	2007	2006
		(in thousands)	
Laser macro products	$ 238,518	$ 205,772	$ 172,959
Laser marking and micro products	279,123	231,920	213,632
Components	57,637	41,983	34,299
	$ 575,278	$ 479,675	$ 420,890

* For each laser product category, net sales include sales of service (including training, maintenance and repair) and spare parts.

The laser sources sold by the Company consist of a laser head (containing the lasing medium, resonator, source of excitation, resonator mirrors and cooling mechanism), power supply, and microcontroller (for control and monitoring). Selected laser systems provided by our Company are equipped with the uniform operating concept "ROFIN Control Unit" (RCU). RCU is a real-time laser and handling control device, which allows control of any laser mode. The user interface allows full access from a terminal (for instance a touch screen) that is located directly on the machines, or via a preceding PC with an Ethernet connection. The standardized ROFIN Control Network (RCN) allows the extended diagnosis of all laser components via the Intranet, the Internet, or WLAN. With the open PLC programming system customers can individually adapt the process sequence.
For a more detailed discussion of the components of a laser source, see "Laser Technology". Products are offered in different configurations and utilize different design principles according to the desired application.

The following table sets forth the Company's product categories by principal markets and principal applications:

PRODUCT CATEGORY	**PRINCIPAL MARKETS**	**PRINCIPAL APPLICATIONS**
Laser macro products	Machine tool	Cutting and welding of metals
	Automotive	Cutting and welding of metals
Laser marking products	Semiconductor and electronics	Marking of integrated circuits, electronic components, smart cards
	Automotive	Marking of labels and car components
Laser micro products	Medical devices, semiconductor and electronics, photovoltaic, dental and jewelry	Spot welding, fine cutting, micro structuring
	Packaging and paper industry	Perforating of cigarette tip paper and plastic foils
Components	Laser industry	

LASER MACRO PRODUCTS

The Company's business strategy for its macro laser business is to grow its revenues by:

- increasing its market share in its existing CO_2 laser market through increased sales of its low- and high-power, diffusion cooled, wave-guide Slab lasers and fast-axial flow CO_2 lasers;
- developing diffusion-cooled Slab lasers with higher output power to achieve higher welding depths or faster cutting speeds and thereby widen their potential usage;
- further developing the Remote Welding, Tube Welding, Profile Welding, and Scanner Welding System concepts;
- continuing research and product engineering for its solid-state laser series, including the high-power fiber laser, to further penetrate the market and to further increase the output power for specific applications.

The Company's family of CO_2 laser products for macro applications, and their principal markets and applications, are discussed below.

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	APPLICATIONS
DC Slab Series	1.0 kW - 8.0 kW	High Frequency	Machine tool Automotive	Cutting and welding
SC Series	100 W - 600 W	High Frequency	Machine tool Automotive Packaging	Cutting and structuring
XL Series	1.0 kW - 1.5 kW	Direct Current	Machine tool	Cutting and welding
STS Series	2.0 kW - 5.0 kW	Direct Current	Machine tool	Cutting and welding
FH Series	6.0 kW - 8.0 kW	Direct Current	Machine tool	Cutting and welding

The Company believes that it is the only laser manufacturer of diffusion cooled, Slab-based lasers in the high-power range. In the DC Slab Series laser design, a radio-frequency excited gas discharge occurs between two water-cooled electrodes that have a large surface area that permits maximum heat dissipation. The core diffusion cooled, wave-guide technology is protected by three patents, two of which expire in 2009 and one of which expires in 2010, and the Company has exclusive license rights to this technology on a worldwide basis for power levels above 500 watts for material processing applications. Principal markets for the Slab Series lasers are the machine tool and automotive industries.

The Company's XL, STS, and FH Series fast-axial flow CO_2 lasers are used for both cutting and welding applications and are marketed under the PRC brand. In the fast-axial flow principle, the gas discharge occurs in a tube in the same direction as the resonator, through which the laser gas mixture flows at a high speed. XL, STS, and FH Series products are used primarily by the machine tool industry.

The Company's SC Series diffusion cooled, wave-guide CO_2 lasers are developed and produced by Rofin-Sinar UK Ltd. The SC Series are sealed-off lasers, which are also based on the Slab laser principle used for the DC Slab Series. These lasers are used mainly for cutting and structuring applications. Principal markets are the machine tool, automotive and packaging industries.

The Company's family of solid-state laser products for macro applications, and their principal markets, are discussed below.

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	APPLICATIONS
DP Series	1.0 kW - 4.0 kW	Laser diodes	Automotive	Cutting and welding
DS Series	1.0 kW - 3.0 kW	Laser diodes	Automotive	Cutting and welding
LY Products	1.0 kW	Flash lamp	Automotive	Cutting and welding
DQ Series	500 W – 800 W	Laser diodes	Automotive, Consumer electronics, Photovoltaic	Surface treatment

Rofin's DP/DS/LY Series of continuous wave, solid-state lasers are designed exclusively for use with flexible fiber-optic beam delivery systems, making them particularly well-suited for integration into complex production systems for cutting and welding applications. The key competitive advantages of the DP/DS Series lasers are the fact that they are diode-pumped and that they are designed to allow multiple power output configurations. These configurations include continuous-wave, pulsed and power ramping modes, which allow Rofin to address a wide range of customer applications. In addition, several features of the DP/DS Series laser are designed for easy maintenance, such as the simple modular resonator design, easily accessed power supply and PC-based controller equipped with a modem, which allows communication with a remote service center. The diode pumping technology is characterized by high beam quality and high efficiency. These lasers are used principally in the automotive industry. The LY product is a flash lamp pumped, solid-state laser mainly targeting low price markets. The Company's DQ Series of Q switched, solid-state lasers are designed for applications such as removal, cleaning, and insulation of various materials in the automotive, consumer electronics and photovoltaic markets. To meet the different demands of these target markets, DQ Series lasers offer a couple of set up options which differ in power, pulse energy, and number of laser sources per unit.

The Company's family of diode laser products for welding, soldering and surface treatment applications, and their principal markets, are discussed below.

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	APPLICATIONS
Diode Lasers	10 W - 3.6 kW	Direct current	Electronics	Soldering
			Machine tool	Surface treatment
			Medical device	Plastic welding
			Automotive	Plastic welding
			Photovoltaic	Soldering, Surface treatment

The Company's diode lasers are designed to meet the requirements of a wide range of welding, soldering, and surface treatment applications. The Company's high-power laser diodes can be stacked into arrays achieving output powers in the multiple kilowatt range. In addition to their use in the automotive, machine tool and electronics markets, these lasers are also sold into the medical device and research markets.

LASER MARKING PRODUCTS

The Company entered the laser-marking business in 1989 when it acquired Laser Optronic GmbH from Coherent General Inc. and designed and introduced the "PowerLine" laser marker. Since then the Company has developed a broad line of market leading laser markers that deliver optimal results in terms of quality and speed on a wide range of materials. Based on its vast experience, Rofin offers standardized and customized laser marking systems in different power ranges and wavelengths for use in various industrial segments. Strength and experience in research and development, application and software ensure innovative, standardized and tailored solutions which meet most exigent customer demands. The Company's laser marking products incorporate high value-added software –VisualLaser Marker and LaserCAD– to facilitate use in the customer's own environment.

The Company believes that the following factors have contributed to the growth that it has experienced in the laser marking business:

- the Company's ability to tailor its laser marking solutions to the customer's requirements;
- the Company's expertise in solid-state laser beam power, mode structure and high-frequency switching capability which provides optimal quality in terms of marking contrast and speed on a wide variety of materials;
- the Company's proprietary software – VisualLaserMarker and LaserCAD which provides an interface between the laser marking products and the customer's computers and supports a broad range of network communication software; and
- the Company's focus on innovation, which is reflected in cutting-edge products that satisfy standard as well as complex market requirements.

The Company's business strategy for its laser marking business is four-fold:

- to expand its position in worldwide laser marking markets with particular focus on the automotive, smart card, semiconductor and electronics industries;
- to offer a balanced product portfolio covering different technologies that addresses high-end and general application markets;
- to pursue application development for existing and new products; and
- to capitalize on its installed base of lasers by cross-selling the Company's products to its existing customers.

The Company's family of laser marking products is as follows:

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	APPLICATIONS
PowerLine StarMark Series	2 W – 100 W	Laser diodes, Flash lamps or CO_2	Semiconductor, electronics, general marking applications	Integrated circuit marking, marking of metals plastics and organic materials, Day and Night design, Smart card
MultiScan	100 W	High Frequency	Packaging	Consumer goods marking
LabelMarker E	Stand-alone laser based system		Automotive	Label marking
LabelMarker Compact			Non-automotive	Label marking
EasyMark II	Laser workstation		General marking applications, medical components, tool industry	Metal and plastics marking
EasyJewel	Laser workstation		Jewelry marking	Metal marking
CombiLine Series	Laser workstation for integration of a wide range of Rofin laser markers		General marking applications	Metal and plastics marking

PowerLine/StarMark Series – The Company's standard PowerLine and StarMark laser marking products consist of a range of lasers with output power from 2 watts to 100 watts with a galvo-head, a personal computer with state-of-the-art processor and Rofin's proprietary VisualLaserMarker and LaserCAD software. The modular design of the PowerLine and StarMark markers with 19" components enable the customers to order the most suitable configuration for their production processes or systems (e.g. OEM-customers may order the laser head and 19" modules, for easy integration into the system specified by the end-user). The PowerLine and StarMark solid-state lasers incorporate either diode modules or a dual or single lamp ceramic cavity design using "long-life" lamps both of which result in higher output power (and therefore higher marking speeds), higher energy efficiency (and therefore reduced operating costs), high beam quality (and therefore constant and reliable marking quality), and longer service intervals. New-generation, completely air-cooled solutions ensure further increase in efficiency in addition to a compact size. PowerLine marking products are also available with fiber lasers with an output power of 20 watts (PowerLine F 20). The Company's proprietary VisualLaserMarker and LaserCAD software provide customers with a user-friendly software environment that allows them to select fonts, import graphics, preview marking and control all laser parameters and job programs. Special options and accessories include a double marking head allowing speeds of up to 1,200 characters per second in certain applications (most notably marking of integrated circuits), as well as beam-switching and -splitting options for marking of products in multiple production lines using a single laser. Their main application - among a wide variety of possible applications - is marking in the semiconductor and electronics industries.

MultiScan VS – This vector scanning marker utilizes a 100 watts sealed-off CO_2 laser and features the ability to mark components that are moving at high speeds. The main application is the marking of consumer goods in the packaging industry.

LabelMarker Advanced – This stand alone, laser-based system is Rofin's state-of-the art solution when it comes to high demands concerning speed and reliability in the process of label marking. The LabelMarker Advanced ensures high efficiency and a short marking time due to an integrated, powerful laser. As a comprehensive all-in-one solution, the LabelMarker Advanced is compact and comfortable. This laser system with a class 1 safety rating can be used in any production area without additional safety requirements.

LabelMarker Compact – This all-in-one desktop label marker combines performance and flexibility with the ability to mark virtually any conventional label material. The user interface with an integrated, comfortable touch panel provides for routine operation and the selection of pre-defined marking layouts. The LabelMarker Compact operates with efficient and low-maintenance thermoelectric cooling. It requires no external water supply and can be connected to any power outlet from 110 V to 240 V. A network interface is available for integration into production control networks.

EasyMark II – The EasyMark II is a class 1 transportable desktop device. The 110 V to 230 V connection and integrated cooling based on thermo-electrical technology guarantee quick and easy initial operation. The EasyMark offers a program-controlled z axis and a rotary axis which can optionally be integrated. An aluminum T-slot plate facilitates mounting of customer-specific work piece carriers. Processing of work pieces of different size and shape is thus possible.

EasyJewel – The EasyJewel is transportable desktop device with a class 1 safety rating specially developed to mark jewelry. The laser system offers the benefits of non-contact, abrasion-resistant, permanent marking onto almost any type of precious material with high speed and precision. Special machine features are quick and exact loading of regular and special shapes, jogging function to reach optimum marking position and various software features.

CombiLine Flexible/CombiLine Advanced – These compact laser workstations have been designed for small and medium-size batches. They integrate a wide range of Rofin laser markers depending on the customer's specific application. Supply units are incorporated in the housing to provide efficient use of the floor space. Different versions either with rotary or work table with various axes enable exact adaptation to the required tasks.

LASER MICRO PRODUCTS

After the acquisition of Baasel Lasertech in 2000, the Company formed a separate sales and marketing group focused on micro applications. This group markets and sells a broad range of laser products, including lamp pumped, pulsed, solid-state lasers for various spot welding and fine cutting applications, CO_2 Slab lasers for perforating applications, Q switched solid-state lasers for surface structuring and diode lasers for soldering and plastic welding applications. The Company's business strategy for its micro applications business is to:

- further increase its share of the spot welding market in the jewelry industry and develop customers in other industries, such as consumer electronic industry that use a similar product and technology for industrial applications;
- focus on manufacturers of medical instruments and implants within the medical device industry using mainly the applications cutting and welding;
- increase its sales of perforating systems to the packaging industry for applications like easy-tear and special perforated foils for food packaging that allow the transfer of air and keep moisture in packaged goods; and
- develop new markets for glass cutting and solar-cell structuring applications.

The Company's family of laser products for micro applications is as follows:

LASER SERIES	POWER RANGE	MODE OF EXCITATION	PRINCIPAL MARKETS	APPLICATIONS
StarWeld Series	40 W - 500 W	Flash Lamp	Jewelry, Medical device Electronics	Spot and seam welding
StarPulse	40 W + 90 W	Flash Lamp	Medical device Electronics	Spot and seam welding
StarFiber	100 W – 200 W	Diode	Electronics Medical device	Fine cutting Fine welding
X-Lase	1 W – 24 W	Diode	Semiconductor, Electronics Solar cell	Micro structuring
DS Disc Series	60 W – 100 W	Diode	Electronics	Cutting

				Structuring
StarCut Series	12 W – 150 W	Flash Lamp/Diode	Medical	Fine cutting
PerfoLas Systems	n.a.	n.a.	Paper	Perforating
StarShape Systems	n.a.	n.a.	Packaging	Cutting
				Drilling
				Structuring
Series 800	8 W – 1000 W	Flash Lamp	OEM	Micro/Marking
Series 600	8 W – 100 W	Flash Lamp	OEM	Micro/Marking
Series LDP	10 W - 200 W	Diode	OEM	Micro/Marking
Series LEP	4 W – 6 W	Diode	OEM	Micro/Marking
Series LDPP	10 W – 50 W	Diode	OEM	Fine cutting
Series LLP	500 W – 1000 W	Flash Lamp	OEM	Welding
				Cutting

StarWeld Series – Rofin's standard StarWeld laser products consist of pulsed solid-state lasers in the range of 40 watts to 500 watts. Although the StarWeld Series has a wide variety of possible applications, its main application is the fine welding of jewelry, electronics, and dental parts.

StarPulse Series – The StarPulse Series consists of pulsed Nd:YAG rod lasers with power ratings from 40 to 90 watts. StarPulse lasers provide high peak powers and high pulse-to-pulse stability and are designed for use in fine welding applications such as laser welding of highly reflective materials in the medical device and electronics industry.

StarFiber Series – The robust and compact fiber laser systems of the StarFiber Series achieve nominal powers of 100 watts up to 200 watts. The lasers can be operated in either pulsed or continuous wave mode. The StarFiber Series is designed for a broad range of applications for fine welding and fine cutting, such as welding of electromechanic components or fine cutting, e.g. in the production of medical devices.

X-Lase – The X-Lase Series comprise of picosecond pulse mode-locked fiber laser systems with a maximal output power of 24 watts. Main markets are in the semiconductor, solar cell, electronics, and display industries. In these industries the X-Lase products can be used for thin film patterning, ablation and scribing applications.

DS Disc Series – Rofin's Disc laser products use laser diodes as the source of excitation to pump a thin crystal (disc). The output power is in the range of 60 watts to 100 watts and the main application is structuring or cutting of electronics.

StarCut Series – Rofin's StarCut laser products use pulsed solid-state lasers in the range of 12 watts to 150 watts. Their main application is the fine cutting of medical devices.

PerfoLas Systems – The PerfoLas Systems consist of a high-power CO_2 laser and a specially designed beam delivery and paper handling system that includes a laser beam splitter (PerfoLas Multiplexer) which allows customers to drill more than 500,000 holes per second into paper or foils. The main application for these lasers is perforation of cigarette tip paper.

StarShape Systems – The StarShape Systems consist of a CO_2 or solid-state laser in combination with a galvo scanning head and is used for precise cutting, drilling, and surface structuring.

Series 600 and 800 are flash-lamp pumped, solid-state lasers sold to OEM-customers and system integrators for various micro and marking applications.

Series LDP and LEP are diode pumped, solid-state lasers sold to OEM-customers and system integrators for various micro and marking applications.

Series LDPP are diode pulse-pumped Nd:YAG lasers that are designed specifically to precision cut thin metals. Main market is the medical devices industry.

Series LLP are lamp-pumped solid-state lasers designed for welding and cutting applications.

COMPONENT PRODUCTS

Power Supplies – The Company offers power supplies for pulsed and continuous wave solid-state lasers, CO_2 lasers, diode lasers, as well as RF generators for acousto-optic Q-switches through its wholly-owned subsidiary PMB Elektronik GmbH.

Fiber and Optics Technology – Special fiber lasers, fiber coupling products and optical engines for primary use in fiber lasers are manufactured and marketed by the Company's Finland-based subsidiary Corelase Oy.

Laser Diodes and Modules – High-power semiconductor components such as high power, high-brightness laser diodes and modules are manufactured and marketed by the Company's subsidiaries Dilas Diodenlaser GmbH, Dilas Diodelaser Inc., and m2k-laser GmbH.

Fibers and Fiber Optic Beam Deliveries - Fibers, fiber components, beam splitters or switches and beam combiners designed for use in industrial lasers or as beam delivery systems are manufactured and marketed by Optoskand AB.

Active and passive fibers, amplifiers and other fiber laser technology components are developed, manufactured and marketed by Nufern, East Granby.

The Company's high-technology components are either integrated by other laser manufacturers into their products or are used for the Company's own product portfolio.

APPLICATIONS DEVELOPMENT

In addition to manufacturing and selling laser sources for macro applications and marking and micro applications, Rofin operates application centers in eight countries where it develops laser-based solutions for customers seeking alternatives to conventional manufacturing techniques. Revenues derived from application development are not a significant component of total revenues. Applications development is generally a support service to the sales and marketing function and is performed to customize the laser to the particular needs of the customer. The Company currently has approximately 40 employees in applications development.

MARKETS AND CUSTOMERS

Rofin sells its laser products and laser-based system solutions to a wide range of industries. Our three principal markets are the machine tool, automotive, and semiconductor and electronics industries. The following table sets forth the allocation of the Company's total laser sales among our principal markets:

	Fiscal Years			
Principal Market	2008	2007	2006	Primary Applications
Machine Tool	33%	36%	31%	Cutting and welding
Semiconductor and Electronics	27%	23%	18%	Marking of integrated circuits, electronic components, smart cards, and structuring of solar cells
Automotive & Sub-Supplier	11%	8%	7%	Cutting, welding and component marking
	71%	67%	56%	

The remaining 29%, 33%, and 44%, of total laser sales in fiscal 2008, 2007, and 2006, respectively, were attributable to customers in a wide variety of other industries including aerospace, consumer goods, medical device manufacturing, flexible packaging, job shops, jewelry, universities and institutes. No one customer accounted for over 10% of total sales in any of these periods.

SALES, MARKETING AND DISTRIBUTION

Rofin sells its products in approximately 55 countries to OEMs, systems integrators and industrial end-users who have in-house engineering resources capable of integrating Rofin's products into their own production systems. Lasers for cutting applications are marketed and sold principally to OEMs in the machine tool industry who sell laser cutting machines incorporating Rofin's products without any substantial involvement by Rofin. Lasers for welding applications are marketed and sold both to systems integrators and to end-users. Laser marking products are marketed and sold directly to end-users and to OEMs for integration into their handling systems (mainly for integrated circuit, solar cell, and smart card marking applications). Laser micro products are marketed and sold directly to end-users and to OEM-customers (mainly for solar cell and jewelry applications). In the case of both welding lasers and laser marking products, the end-user is significantly involved in the selection of the laser component. In these cases, Rofin's application engineers work directly with the end-user to optimize the application's performance and demonstrate the advantages of the Company's products.

Rofin has approximately 140 direct sales engineers operating in 24 countries, approximately 40 of whom are dedicated to marketing lasers for macro applications and approximately 100 of whom are dedicated to marketing lasers for marking and micro applications. Rofin sales engineers work either in a well-defined geographic territory or are dedicated to specific industries or applications. In addition, Rofin has 22 independent representatives marketing the Company's laser products in Australia, Argentina, Brazil, China, Denmark, Eastern Europe, Finland, India, Israel, Italy, Northern Africa, the Philippines, Russia, Singapore, South Africa, Scandinavia, Slovenia, Thailand, Turkey, and the United Kingdom. These independent representatives provide Rofin with sales leads and opportunities, but do not distribute Rofin's products. All sales and delivery of product are conducted by the Company. Seventeen of the independent representative agreements are on an exclusive basis, with the other five on a non-exclusive basis. These agreements provide for a standard percentage of the net sales price to be paid as commissions to the representatives. The duration of the agreements is usually one year (with an automatic one-year extension) and a six month cancellation clause.

Rofin directs its worldwide sales and marketing of lasers for macro applications from its offices in Hamburg (Germany), and of laser diode components, from Mainz (Germany), Tucson, Arizona, and Freiburg (Germany). Worldwide sales and marketing of laser marking products is directed from Rofin's offices in Gunding-Munich (Germany) and, for laser micro products and power supplies, from Starnberg (Germany). Optical engines for fiber lasers for the worldwide market are sold and marketed from Tampere (Finland) and East Granby (USA) and fiber optics and beam delivery systems are sold and marketed from Gothenburg, Sweden. In Europe, Rofin also maintains sales and service offices in Belgium, France, Italy, the Netherlands, Spain, Switzerland, and the United Kingdom.

North American sales of Rofin's macro and micro laser products are managed out of the Company's Plymouth, Michigan facility and of its marking products are managed out of its Boxborough, Massachusetts facility. The Company also maintains a sales office in Tempe, Arizona to support the expansion of Rofin's laser marking business in the North American market and a new sales and service office in Mississauga (Canada) to support the Canadian market.

PRC Laser directs its worldwide sales and marketing of lasers for macro applications from its office in Landing, New Jersey, while Lee Laser directs its worldwide sales and marketing of laser for micro applications from its office in Orlando, Florida. Both companies sell their products independently under their own brands.

The Company maintains sales and service offices in Japan, Singapore, South Korea, Taiwan, and China, to cover the Asia/Pacific region. Over the next five years, the Company expects demand for industrial lasers to increase in the Asia/Pacific region. The Company believes that the geographic market with the greatest long-term potential over the next 10 to 15 years is China, principally due to the expansion of domestic automobile and semiconductor and electronic production in that country. The Company has a technology license agreement with the Nanjing Eastern Laser Corporation, or NELC, under which NELC manufactures CO_2 laser sources for sale in the Chinese market.

CUSTOMER SERVICE, REPLACEMENT PARTS AND COMPONENTS

During each of fiscal 2008, 2007, and 2006, approximately 35% of the Company's revenues were generated from sales of after-sales services, replacement parts and components for laser products. The Company believes that a high level of customer support is necessary to successfully develop and maintain long-term relationships with its OEM and end-user customers. This close relationship is maintained as customers' needs change and evolve.

Recognizing the importance of its existing and growing installed multinational customer base, the Company has expanded its local service and support platform into new geographic regions. Rofin has 347 customer service personnel. The Company's field service and in-house technical support personnel receive ongoing training with respect to the Company's laser products, maintenance procedures, laser-operating techniques, and processing technology. Most of the Company's OEM-customers also provide customer service and support to end-users.

Many of Rofin's laser products are operated 24 hours a day in high speed, quality-oriented manufacturing operations. Accordingly, the Company provides 24 hour, year-round service support to its customers in the United States, Germany, and the majority of other countries in which it operates. The Company plans to continue adopting similar service support elsewhere. In addition, eight-hour response time is provided to certain key customers. This support includes field service personnel who reside in close proximity to the Company's installed base. The Company provides customers with process diagnostic and verification techniques, as well as specialized training in the operation and maintenance of its systems. The Company also offers regularly scheduled and intensive training programs and customized maintenance contracts for its customers.

Of Rofin's 347 customer service personnel, approximately 210 employees operate in the field in about 50 countries. Field service personnel are also involved in the installation of the Company's systems.

Rofin's approach to the sale of replacement parts is closely linked to the Company's strategic focus on rapid customer response. The Company provides around-the-clock order entry and provides same or next day delivery of parts worldwide in order to minimize disruption to customers' manufacturing operations. Rofin typically provides a minimum one-year warranty for its products with warranty extensions negotiated on a case-by-case basis. It agrees to after-sales service and parts supply up to a period of 10 years, if requested by a customer. The Company's growing base of installed laser sources and laser-based systems is expected to continue to generate a stable source of parts and service sales.

In addition, the Company offers components such as OEM laser modules, optical engines, laser diodes, active and passive fibers, fiber optic delivery systems, and power supplies. These high-technology components are mainly sold to other laser manufacturer into their product portfolio.

COMPETITION

Laser Macro Products

The market for laser macro products and systems is fragmented and includes a large number of competitors, many of which are small or privately owned or which compete with Rofin on a limited geographic, industry-specific or application-specific basis. The Company also competes in certain target markets with competitors that are part of large industrial groups and have access to substantially greater financial and other resources than Rofin. The overall competitive position of the Company will depend upon a number of factors, including product performance and reliability, price, customer support, manufacturing quality, the compatibility of its products with existing laser systems, and the continued development of products utilizing the technologies of diode lasers and diode pumped, solid-state lasers. Competition among laser manufacturers is also based on attracting and retaining qualified engineering and technical personnel.

Rofin believes it is among the top three suppliers of laser sources in the worldwide market for macro applications. Companies such as Trumpf and Fanuc (for high-power CO_2 lasers), Synrad and Coherent (for low-power CO_2 lasers), Trumpf and IPG (for solid-state lasers) and Laserline and Jenoptik (for diode lasers and laser diodes) compete in certain of the markets in which Rofin operates. However, in the Company's opinion, none of these companies compete in all of the industries, applications and geographic markets currently served by Rofin. We believe that only Trumpf has a product range and worldwide presence similar to that of the Company.

Laser Marking and Micro Products

Significant competitive factors in the laser marking and micro market include system performance and flexibility, cost, the size of each manufacturer's installed base, capability for customer support and breadth of product line. Because many of the components required to develop and produce a laser product for marking and micro applications are commercially available, barriers to entry into this market are low and the Company expects new competitive products to enter this market. The Company believes that its product range for marking and micro applications will compete favorably in this market primarily due to the performance and price characteristics of such products.

The Company's laser marking products compete with conventional ink-based and acid-etching technologies, as well as with laser mask-marking. The Company's micro products compete with conventional welding, etching and spark erosion technologies. The Company believes that its principal competitors in the laser marking and micro market include Trumpf, GSI Group, Unitek Miyachi, Lasag, IPG and Control Laser.

Rofin also competes with manufacturers of conventional non-laser products in applications such as welding, drilling, soldering, cutting, and marking. The Company believes that as manufacturing industries continue to modernize, seek to reduce production costs and require more precise and flexible production, the features of laser-based systems will become more desirable than systems incorporating conventional material processing techniques and processes. The increased acceptance of these laser applications by industrial users will be enhanced by laser product line expansion to include lower and higher power CO_2 lasers, advancements in fiber-optic beam delivery systems, improvements in reliability, and the introduction of lower and higher power diode lasers and diode pumped, solid-state lasers, including fiber lasers, capable of performing heavy industrial material processing and marking and micro applications.

MANUFACTURING AND ASSEMBLY

Rofin manufactures and tests its high-power CO_2 and solid-state laser macro products at its Hamburg (Germany), Plymouth, Michigan, Landing, New Jersey, and Kingston upon Hull (UK) facilities. The Company's laser marking products are manufactured and tested at its facilities in Gunding-Munich (Germany), Starnberg (Germany), Oxford (UK), Singapore, and Boxborough, Massachusetts. Rofin's micro application products are manufactured and tested in Starnberg (Germany), Tampere (Finland) and Orlando, Florida. The Company's diode laser products are manufactured and tested at its Mainz (Germany), Freiburg (Germany) and Tucson, Arizona, facilities. The Company's low-power CO_2 laser products are manufactured and tested in Kingston upon Hull (UK). Coating of Rofin's Slab laser electrodes is performed at the Overath (Germany) facility. The Company's fiber optics and beam delivery systems are manufactured and tested in Gothenburg (Sweden), and power supplies are manufactured and tested in Starnberg (Germany). The Company's active and passive fibers are manufactured and tested in East Granby, Connecticut.

Given the competitive nature of the laser business, the Company focuses substantial efforts on maintaining and enhancing the efficiency and quality of its manufacturing operations. The Company utilizes just-in-time and cell-based manufacturing techniques to reduce manufacturing cycle times and inventory levels, thus enabling it to offer on-time delivery and high-quality products to its customers.

Rofin's in-house manufacturing includes only those manufacturing operations that are critical to achieve quality standards or protect intellectual property. These manufacturing activities consist primarily of product development, testing of components and subassemblies (some of which are supplied from within the Company and others of which are supplied by third party vendors and then integrated into the Company's finished products), assembly and final testing of the completed product, as well as proprietary software design and hardware/software integration. Although the Company minimizes the number of suppliers and component types

wherever practicable it has at least two sources of supply for key items. Rofin has a qualifying program for its vendors and generally seeks to build long-term relationships with such vendors. The Company purchases certain major components from single suppliers. The Company estimates that 22% of its revenues are from the sale of products that require specialized components currently only available from single sources. Rofin has written agreements with such suppliers and has not had material delays in supplies from these sources. The Company believes that it could, if necessary, purchase such components from alternative sources, within four to six months, following appropriate qualification of such new vendors.

Rofin is committed to meeting internationally recognized manufacturing standards. Its Hamburg, Gunding-Munich, Starnberg, Mainz (all Germany), East Granby, Connecticut, and Tucson, Arizona facilities are ISO 9001 certified. In addition, the following facilities are ISO 9002 certified: Pamplona (Spain), Milan (Italy), Paris (France), Willerby (UK), Gothenburg (Sweden) and Singapore.

RESEARCH AND DEVELOPMENT

During fiscal 2008, 2007, and 2006, Rofin's net spending on research and development was $41.1 million, $27.8 million, and $24.0 million, respectively. The Company's net spending on research and development reflects receipt of funding under German government and European Union grants totaling $1.3 million, $2.3 million, and $1.2 million in fiscal 2008, 2007, and 2006, respectively. Rofin has approximately 229 employees engaged in product research and development.

Rofin's research and development activities are directed at meeting customers' manufacturing needs and application processes. Core competencies include CO_2 gas lasers, solid-state lasers, diode lasers, precision optics, electronic power supplies, fibers, fiber optics, beam delivery, control interfaces, software programming and systems integration. The Company strives for customer-driven development activities and promotes the use of alliances with key customers and joint development programs in a wide range of its target markets.

The Company's research and development activities are carried out in thirteen centers in Hamburg, Gunding-Munich, Starnberg, Freiburg, and Mainz (all Germany), Kingston upon Hull (UK), Gothenburg (Sweden), Tampere (Finland), Plymouth, Michigan, Landing, New Jersey, Orlando, Florida, Tucson, Arizona and East Granby, Connecticut (all USA), and are centrally coordinated and managed. Rofin maintains close working relationships with the leading industrial, government and university research laboratories in Germany, including the Fraunhofer Institute for Laser Technology in Aachen, the Institute for "Technische Physik" of the German Space and Aerospace Research Center in Stuttgart, the Institute for "Strahlwerkzeuge" of the University of Stuttgart, the Fraunhofer Institute for Material Science in Dresden, the Laser Center in Hanover, and elsewhere around the world, including the University of Edinburgh in the United Kingdom. These relationships include funding of research, joint development programs, personnel exchange programs, and licensing of patents developed at these institutes.

INTELLECTUAL PROPERTY

Rofin owns intellectual property, which includes patents, proprietary software, technical know-how and expertise, designs, process techniques and inventions.

While policies and procedures are in place to protect critical intellectual property rights, Rofin believes that its success depends to a larger extent on the innovative skills, know-how, technical competence and abilities of Rofin's personnel. The Company is also a worldwide licensee of two U.S. patents, one Japanese patent and their corresponding foreign counterparts, which expire in 2009 and 2010, respectively. These licenses are exclusive for industrial material processing applications of 500 watts and above for the diffusion cooled, wave-guide technology used in the Company's Slab Series CO_2 lasers and non-exclusive for applications below 500 watts. In Rofin's view, the technology protected by these three patents represents a significant step forward in industrial laser technology for material processing and is an important source of Rofin's current revenues and future growth and profitability.

Rofin protects its intellectual property in a number of ways including, in certain circumstances, patents. Rofin has sought patent protection primarily in the United States, Europe, and Japan. Rofin currently holds 177 separate patents for inventions relating to lasers, processes and power supplies with expiration dates ranging from 2009 to 2026. In addition, 67 patent applications have been filed and are under review by the relevant patent authorities. The Company holds 62 exclusive and non-exclusive patents licenses with relevance to its products and laser technology. Rofin requires its employees and certain of its customers, suppliers, representatives, agents and consultants to enter into confidentiality agreements to further safeguard Rofin's intellectual property.

Rofin, from time to time, receives notices from third parties alleging infringement of such parties' patent or other intellectual property rights by Rofin's products. While these notices are common in the laser industry and Rofin has in the past been able to develop non-infringing technology or license necessary patents or technology on commercially reasonable terms, Rofin cannot assure that it would in the future prevail in any litigation seeking damages or expenses from Rofin or to enjoin Rofin from selling its products on the basis of such alleged infringement. Nor can Rofin assure that it would be able to develop any non-infringing technology or to license any valid and infringed patents on commercially reasonable terms. In the event any third party made a valid claim against Rofin or its customers and a license were not made available to Rofin on commercially reasonable terms, Rofin would be adversely affected.

From time to time, Rofin files notices of opposition to certain patents on laser technologies held by others, including academic institutions and competitors of Rofin, which the Company believes could inhibit its ability to develop laser products for industrial material processing applications.

ORDER BACKLOG

The Company's order backlog was $143.4 million, $116.6 million, and $84.9 million, as of September 30, 2008, 2007, and 2006, respectively. The Company's order backlog, which contains relatively little service, training and spare parts, represents approximately three months of laser shipments. The increase in the Company's order backlog from September 30, 2007 to September 30, 2008 was attributable to 8% higher orders for macro applications, 22% higher orders for micro and marking applications and 41% higher orders for components. The fluctuation of the U.S. dollar in fiscal 2008 had a favorable effect of approximately $11.2 million on year-to-year order backlog. The increase in the Company's order backlog from September 30, 2006 to September 30, 2007, was attributable to 24% higher orders for macro applications (including components) and 14% higher orders for micro and marking applications. The fluctuation of the U.S. dollar in fiscal 2007 had a favorable effect of approximately $5.1 million on year-to-year order backlog.

An order is entered into backlog by Rofin when a purchase order with an assigned delivery date has been received. Delivery schedules range from one week to six months, depending on the size, complexity and availability of the product or system ordered, although typical delivery dates for laser source products range between 6-12 weeks from the date an order is placed. Although there is a risk that customers may cancel or delay delivery of their orders, orders for standard non-customized lasers can typically be allocated to other customers without significant additional costs. The Company also manages this risk by establishing the right to charge a cancellation fee that covers any material and developmental costs incurred prior to the order being cancelled. Enforcement of this right is dependent on many factors including, but not limited to, the customer's requested length of delay, the number of other outstanding orders with the same customer, and the ability to quickly convert the canceled order to another sale.

The Company anticipates shipping the present backlog during fiscal 2009. However, the Company's backlog at any given date is not necessarily indicative of actual sales for any future period.

EMPLOYEES

At September 30, 2008, Rofin had 1,775 full-time employees, of which 945 were in Germany, 331 in the United States, 7 in Canada, 39 in France, 49 in Italy, 125 in the United Kingdom, 30 in Spain, 9 in the Netherlands, 48 in Sweden, 22 in Finland, 11 in Belgium, 2 in Switzerland, 34 in Singapore, 14 in Korea, 19 in Taiwan, 57 in China, and 33 in Japan, whereas at September 30, 2007, Rofin had 1,609 full-time employees, of which 900 were in Germany, 255 in the United States, 6 in Canada, 40 in France, 48 in Italy, 126 in the United Kingdom, 30 in Spain, 9 in the Netherlands, 43 in Sweden, 20 in Finland, 11 in Belgium, 30 in Singapore, 13 in Korea, 17 in Taiwan, 31 in China, and 30 in Japan. The average number of employees for the fiscal year ended September 30, 2008, was 1,700.

While the Company's employees are not covered by collective bargaining agreements and the Company has never experienced a work stoppage, slowdown or strike, the Company's employees at its Hamburg and Starnberg facilities are each represented by a nine-person works council and in Gunding-Munich by a seven-person works council. Additionally, Hamburg and Gunding-Munich are represented by a four-person central works council. Matters relating to compensation, benefits and work rules are negotiated and resolved between management and the works council for the relevant location. The Company considers its relations with its employees to be good.

GOVERNMENT REGULATION

The majority of the Company's laser products sold in the United States are classified as Class IV Laser Products under applicable rules and regulations of the Center for Devices and Radiological Health ("CDRH") of the U.S. Food and Drug Administration. The same classification system is applied in the European markets. Safety rules are formulated with "Deutsche Industrie Norm" (i.e., German Industrial Standards) or ISO standards, which are internationally harmonized.

CDRH regulations generally require a self-certification procedure pursuant to which a manufacturer must file with the CDRH with respect to each product incorporating a laser device, periodic reporting of sales and purchases and compliance with product labeling standards. The Company's laser products for macro, micro and laser marking applications can result in injury to human tissue if directed at an individual or otherwise misused.

The Company believes that its laser products for macro, micro and marking applications and components are in substantial compliance with all applicable laws for the manufacture of laser devices.

AVAILABLE INFORMATION

The Company makes available, free of charge on its internet website, its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (the SEC). You can find these reports on the Company's website at *www.rofin.com* under the heading "Investor Relations". The information on the Company's website is not incorporated by reference in this Annual Report on Form 10-K.

These reports may also be obtained at the SEC's Public Reference Room at 100 F Street NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room is available by calling the SEC at (202) 942-8090. You may also access this information at the SEC's website (*http://www.sec.gov*). This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

DOWNTURNS IN THE INDUSTRIES WE SERVE, PARTICULARLY IN THE MACHINE TOOL, AUTOMOTIVE, AND SEMICONDUCTOR AND ELECTRONICS INDUSTRIES MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR SALES AND PROFITABILITY.

Our business depends substantially upon capital expenditures particularly by manufacturers in the machine tool, automotive, and semiconductor and electronics industries. We estimate that approximately 71% of our laser sales during fiscal year 2008 were to these three industry markets. These industries are cyclical and have historically experienced periods of oversupply, resulting in significantly reduced demand for capital equipment, including the products manufactured and marketed by us. For the foreseeable future, our operations will continue to depend upon capital expenditures in these industries, which, in turn, depend upon the market demand for their products. Decreased demand from manufacturers in these industries, for example, during a downturn, may lead to decreased demand for our products. Although such decreased demand would reduce our sales, we may not be able to reduce expenses quickly, due in part to the need for continual investment in research and development and the need to maintain extensive ongoing customer service and support capability. Although we order materials for assembly in response to firm orders, the lead time for assembly and delivery of some of our products creates a risk that we may incur expenditures or purchase inventories for products which we cannot sell.

Accordingly, any downturn or slowdown in the machine tool, automotive, and semiconductor and electronics industries could have a material adverse effect on our financial condition and results of operations.

A HIGH PERCENTAGE OF OUR SALES ARE OVERSEAS AND OUR RESULTS ARE THEREFORE SUBJECT TO THE IMPACT OF EXCHANGE RATE FLUCTUATIONS.

Although we report our results in U.S. dollars, approximately 69% of our current sales are denominated in other currencies, including the Euro, Swedish krona, Swiss francs, British pound, Singapore dollar, Japanese yen, Korean won, Taiwanese NT dollar, Canadian dollar, and Chinese RMB. The fluctuation of the Euro, and the other functional currencies, against the U.S. dollar has had the effect of increasing and decreasing (as applicable) reported net sales as well as cost of goods sold, gross margin, and selling, general and administrative expenses denominated in such foreign currencies when translated into U.S. dollars as compared to prior periods. Our subsidiaries will, from time to time, pay dividends in their respective functional currencies, thus presenting another area of potential currency exposure for us in the future.

We also face transaction risk from fluctuations in exchange rates between the various currencies in which we do business. We believe that a certain portion of the transaction risk of our operations in multiple currencies is mitigated by our hedging activities, utilizing forward exchange contracts and forward exchange options. We also continue to borrow in each operating subsidiary's functional currency to reduce exposure to exchange gains and losses. However, there can be no assurance that changes in currency exchange rates will not have a material adverse effect on our business, financial condition and results of operations.

OUR INABILITY TO MANAGE THE RISKS ASSOCIATED WITH OUR INTERNATIONAL OPERATIONS COULD ADVERSELY AFFECT OUR BUSINESS.

Our products are currently marketed in approximately 55 countries, with Germany, the rest of Europe, the United States, and the Asia/Pacific region being our principal markets. Our operations and sales in our principal markets are subject to risks inherent in international business activities, including:

- the general political and economic conditions in each such country or region;
- overlap of differing tax structures;
- management of an organization spread over various jurisdictions; and
- unexpected changes in regulatory requirements and compliance with a variety of foreign laws and regulations, such as import and export licensing requirements and trade restrictions.

Any failure to manage the risks associated with our international business operations could have a material adverse effect on our financial condition and results of operations.

Our profitability may be adversely affected by economic slowdowns in the United States, Europe, or the Asia/Pacific region. A recession in these economies could trigger a decline in laser sales to the machine tool, automotive, or semiconductor/electronics industries, and any related weaknesses in their respective currencies could adversely affect customer demand for our products, the U.S. dollar value of our foreign currency denominated sales, and ultimately our consolidated results of operations.

WE DEPEND ON THE ABILITY OF OUR OEM CUSTOMERS TO INCORPORATE OUR LASER PRODUCTS INTO THEIR SYSTEMS.

Our sales depend in part upon the ability of our OEM customers to develop and sell systems that incorporate our laser products. Adverse economic conditions, inadequate liquidity, large inventory positions, limited marketing resources, and other factors affecting these OEM customers could subject us to risks of business failure by such customers and potential credit and inventory risks, and thus could have a substantial impact upon our financial results. We cannot provide assurances that our OEM customers will not experience financial or other difficulties that could adversely affect their operations and, in turn, our financial condition or results of operations.

WE EXPERIENCED IN THE PAST, AND EXPECT TO EXPERIENCE IN THE FUTURE, FLUCTUATIONS IN OUR QUARTERLY RESULTS. THESE FLUCTUATIONS MAY INCREASE THE VOLATILITY OF OUR STOCK PRICE.

We have experienced and expect to continue to experience some fluctuations in our quarterly results. We believe that fluctuations in quarterly results may cause the market prices of our common stock, on the NASDAQ Global Select Market and the Frankfurt Stock Exchange, to fluctuate, perhaps substantially. Factors which may have an influence on the Company's operating results in a particular quarter include:

- general economic uncertainties;
- fluctuations in demand for, and sales of, our products or prolonged downturns in the industries that we serve;
- the timing of the receipt of orders from major customers;
- product mix;
- competitive pricing pressures;
- the relative proportions of domestic and international sales;
- our ability to design, manufacture and introduce new products on a cost-effective and timely basis;
- the delayed effect of incurrence of expenses to develop and improve marketing and service capabilities;
- foreign currency fluctuations;
- ability of our suppliers to produce and deliver components and parts, including sole or limited source components, in a timely manner, in the quantity desired and at the prices we have budgeted;
- our ability to control expenses; and
- costs related to acquisitions of businesses.

These and other factors make it difficult for us to release precise predictions regarding the results and the development of our business. In addition, current conditions in the domestic and global economies are extremely uncertain. As a result, it is difficult to estimate the level of growth for the economy as a whole or of capital expenditures in the industrial markets we serve. Because all of the components of our budgeting and forecasting are dependent on estimates of spending within these markets, the prevailing economic uncertainty renders estimates of future revenue and expenses even more difficult than usual to make. In addition, our

backlog at any given time is not necessarily indicative of actual sales for any succeeding period. As our delivery schedule typically ranges from one week to six months, our sales will often reflect orders shipped in the same quarter that they are received. Moreover, customers may cancel or reschedule shipments and production difficulties could delay shipments. Accordingly, the Company's results of operations are subject to significant fluctuations from quarter to quarter. See also "Business - Order Backlog".

Other factors that we believe may cause the market price of our common stock to fluctuate, perhaps substantially, include announcements of new products, technologies or customers by us or our competitors, developments with respect to intellectual property and shortfalls in our operations relative to analysts' expectations. In addition, in recent years, the stock market in general, and the shares of technology companies in particular, have experienced wide price fluctuations. These broad market and industry fluctuations, particularly in the semiconductor and electronics, machine tool, and automotive industries, may adversely affect the market prices of our common stock on the NASDAQ Global Select Market and the Frankfurt Stock Exchange.

THE MARKETS FOR OUR PRODUCTS ARE HIGHLY COMPETITIVE AND INCREASED COMPETITION COULD INCREASE OUR COSTS, REDUCE OUR SALES OR CAUSE US TO LOSE MARKET SHARE.

The laser industry is characterized by significant price and technical competition. Our current and proposed laser products for macro, marking and micro applications, and components compete with those of several well-established companies, some of which are larger and have substantially greater financial, managerial and technical resources, more extensive distribution and service networks, and larger installed customer bases than us.

We believe that competition will be particularly intense in the CO_2, diode laser, and solid-state laser markets, including fiber lasers, as many companies have committed significant research and development resources to pursue opportunities in these markets. There can be no assurance that we will successfully differentiate our current and proposed products from the products of our competitors or that the marketplace will consider our products to be superior to competing products. Because many of the components required to develop and produce a laser-based marking system are commercially available, barriers to entry into this market are relatively low, and we expect new competitive product entries in this market. To maintain our competitive position in these markets, we believe that we will be required to continue a high level of investment in engineering, research and development, marketing, and customer service and support. There can be no assurance that we will have sufficient resources to continue to make these investments, that we will be able to make the technological advances necessary to maintain our competitive position, or that our products will receive market acceptance. See also "Business - Competition".

OUR FUTURE GROWTH AND COMPETITIVENESS DEPEND UPON OUR ABILITY TO DEVELOP NEW AND ENHANCED PRODUCTS TO MEET MARKET DEMAND AND TO INCREASE OUR MARKET SHARE FOR LASER MARKING AND MICRO PRODUCTS.

If we are to increase our laser sales in the near term, these sales will have to come through increases in market share for our existing products, through the development of new products, or through the acquisition of competitors or their products. To date, a substantial portion of our revenues has been derived from sales of high-powered CO_2 laser sources, solid-state laser sources, and diode lasers. In order to increase market demand for these products, we will need to devote substantial resources to:

- continuing to broaden our CO_2 laser product range;
- continuing to increase the output power of our CO_2 laser sources, diode lasers, and diode pumped, solid-state laser products; and
- continuing to reduce the manufacturing costs of our product range to achieve more attractive pricing.

A large part of our growth strategy depends upon being able to increase our worldwide market share for laser marking and micro products.

Our future success depends on our ability to anticipate our customers' needs and develop products that address those needs. Our ability to control costs is limited by our need to invest in research and development. If we are unable to implement our strategy to develop new and enhanced products, our business, operating results and financial condition could be adversely affected. We cannot provide assurance that we will successfully implement our business strategy or that any of the newly developed or enhanced products will achieve market acceptance or not be rendered obsolete or uncompetitive by products of other companies. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business - The Company's Laser Products".

IF WE LOSE OUR KEY MANAGEMENT PERSONNEL, WE MAY NOT BE ABLE TO SUCCESSFULLY MANAGE OUR BUSINESS OR ACHIEVE OUR OBJECTIVES.

Our future success depends in large part upon the leadership and performance of our executive management team and key employees at the operating level. These key employees include technical, sales and support personnel for our operations on a worldwide basis. If we lose the services of one or more of our executive officers or key employees, or if one or more of them decides to join a competitor or otherwise compete directly or indirectly with us, we may not be able to successfully manage our business or achieve our business objectives. If we lose the services of any of our key employees at the operating or regional level, we may not be able to replace them with similarly qualified personnel, which could harm our business.

WE MAY NOT BE ABLE TO SUCCESSFULLY ACQUIRE NEW OPERATIONS OR INTEGRATE FUTURE ACQUISITIONS, WHICH COULD CAUSE OUR BUSINESS TO SUFFER.

An important part of our growth strategy is making strategic acquisitions of companies with complementary operations, technologies, or products. We regularly review potential acquisitions and periodically engage in discussions regarding such possible acquisitions. We may be unable to successfully complete potential strategic acquisitions if we cannot reach agreement on acceptable terms or for other reasons. Future acquisitions may require us to obtain additional debt or equity financing, which may not be available on terms acceptable to us, if at all. In connection with future acquisitions, we may assume the liabilities of the companies we acquire. Any debt that we incur to pay for future acquisition could contain covenants that restrict the manner in which we operate our business. Any new equity securities that we issue for this purpose would be dilutive to our existing stockholders. If we buy a company or a division of a company, we may experience difficulty integrating that company or division's personnel and operations, which could negatively affect our operating results.

In addition:

- the key personnel of the acquired company may decide not to work for us;
- we may experience additional financial and accounting challenges and complexities in areas such as tax planning, treasury management and financial reporting;
- we may be held liable for risks and liabilities (including for environmental-related costs) as a result of our acquisitions, some of which we may not discover during our due diligence;
- our ongoing business may be disrupted or receive insufficient management attention; and
- we may not be able to realize the synergies, cost savings or other financial benefits we anticipated.

WE DEPEND ON LIMITED SOURCE SUPPLIERS THAT COULD CAUSE SUBSTANTIAL MANUFACTURING DELAYS AND INCREASE OUR COSTS IF A DISRUPTION IN SUPPLY OCCURS.

We estimate that 22% of our revenues are derived from sales of products that require specialized components only available from single sources. We also rely on a limited number of independent contractors to manufacture subassemblies for some of our products. There can be no assurance that, in the future, our current or alternative sources will be able to meet all of our demands on a timely basis. If one or more of our suppliers or

subcontractors experiences difficulties that result in a reduction or interruption in supply to us, or if they fail to meet any of our manufacturing requirements, our business could be harmed until we are able to secure alternative sources, if any. If we are unable to find necessary parts or components on commercially reasonable terms, we could be required to reengineer our products to accommodate available substitutions which would increase our costs and/or have a material adverse effect on manufacturing schedules, product performance, and market acceptance.

OUR FAILURE TO PROTECT OUR PROPRIETARY TECHNOLOGY OR TO AVOID LITIGATION FOR INFRINGEMENT OR MISAPPROPRIATION OF PROPRIETARY RIGHTS OF THIRD PARTIES COULD RESULT IN A LOSS OF REVENUES AND PROFITS.

Our future success depends in part upon our intellectual property rights, including trade secrets, know-how and continuing technological innovation. There can be no assurance that the steps taken by us to protect our intellectual property rights will be adequate to prevent misappropriation or that others will not develop competitive technologies or products.

We currently hold 177 United States and foreign patents on our laser sources, with expiration dates ranging from 2009 to 2026. We have also obtained licenses under certain patents covering lasers and related technology incorporated into our products. Of particular importance is the license of three patents related to the sales of our Slab Series CO_2 lasers, which we estimate to account for approximately 25% of our revenue in fiscal year 2008. Two of these licenses expire in 2009 and one expires in 2010. In addition, 67 patent applications have been filed and are under review by the relevant patent authorities. There can be no assurance that other companies are not investigating or developing other technologies that are similar to ours, that any patents will issue from any application filed by us or that, if patents do issue, the claims allowed will be sufficiently broad to deter or prohibit others from marketing similar products. In addition, there can be no assurance that any patents issued to us will not be challenged, invalidated or circumvented, or that the rights thereunder will provide a competitive advantage to us. See also “Business - Intellectual Property”.

From time to time, we receive notices from third parties alleging infringement of such parties’ patent or other proprietary rights by our products. While these notices are common in the laser industry and we have in the past been able to develop non-infringing technology or license necessary patents or technology on commercially reasonable terms, there can be no assurance that we would in the future prevail in any litigation seeking damages or expenses from us or to enjoin us from selling products on the basis of such alleged infringement, or that we would be able to develop any non-infringing technology or license any valid and infringed patents on commercially reasonable terms. In the event any third party made a valid claim against us or our customers and a license was not made available to us on commercially reasonable terms, we would be adversely affected.

CHANGES IN TAX RATES, TAX LIABILITIES OR TAX ACCOUNTING RULES COULD AFFECT FUTURE RESULTS

As a global company, we are subject to taxation in the United States and various other countries and jurisdictions. Significant judgment is required to determine worldwide tax liabilities. Our future tax rates could be affected by changes in the composition of earnings in countries with differing tax rates, changes in the valuation of our deferred tax assets and liabilities, or changes in the tax laws. In addition, we are subject to regular examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of favorable or unfavorable outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. Although we believe our tax estimates are reasonable, there can be no assurance that any final determination will not be materially different than the treatment reflected in our historical income tax provisions and accruals, which could materially and adversely affect our operating results and financial condition.

ANY DEFECTS IN OUR PRODUCTS OR CUSTOMER PROBLEMS ARISING FROM THE USE OF OUR PRODUCTS MAY SERIOUSLY HARM OUR BUSINESS AND REPUTATION.

Our laser products are technologically complex and may contain known and undetected errors or performance problems. In addition, performance problems can also be caused by the improper installation of our products by a customer. These errors or performance problems could result in customer dissatisfaction, which could harm our sales or customer relationships. In addition, these problems may cause us to incur significant warranty and repair costs and divert the attention of our engineering personnel from our product development efforts.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's manufacturing facilities include the following:

Location of Facility	Owned or Leased	Size** (sq. ft.)	Primary Activity
Hamburg, Germany	Owned*	165,015	CO_2 lasers, solid-state lasers, diode lasers
Starnberg, Germany	Leased	111,603	Laser marking and micro products, power supplies
Gunding-Munich, Germany	Leased	85,951	Solid-state lasers, laser marking products
Plymouth, Michigan	Leased	52,128	CO_2 lasers, laser micro and marking systems
Kingston upon Hull, United Kingdom	Leased	48,485	Low-power CO_2 lasers
Orlando, Florida	Owned	35,207	Solid-state lasers
Landing, New Jersey	Owned	34,292	CO_2 lasers
Mainz, Germany	Leased	38,758	Diode lasers and components
Boxborough, Massachusetts	Leased	22,512	Laser marking systems
Gothenburg, Sweden	Leased	21,337	Fiber optic production
Overath, Germany	Leased	12,417	Coating of materials
Oxford, United Kingdom	Leased	11,578	Laser marking systems
Sakai, Atsugi-shi, Japan	Leased	9,763	CO_2 lasers
Tampere, Finland	Leased	9,964	Fiber lasers, Optical engines
Pamplona, Spain	Owned	7,532	Laser marking systems
Singapore	Leased	6,047	Laser marking products
Freiburg, Germany	Leased	4,947	Laser diodes
Tucson, Arizona	Leased	5,853	Components
East Granby, Connecticut	Leased	57,000	Fibers

*The facility is owned by Rofin-Sinar Laser GmbH ("RSL"); the real property on which the facility is located is leased by RSL under a 99-year lease.

** Includes sales, administration and research and development facilities where applicable.

The Kingston upon Hull (United Kingdom) facility lease expires in 2012. The Gunding-Munich (Germany) moved to another facility in the beginning of 2008. This new main facility is leased until 2017. The leases on the Company's Japanese facilities in Atsugi-shi expire in 2011, with a renewal option for five years. The Mainz (Germany) main facility leases expire in 2011 and 2017, the Overath (Germany) facility leases expire in 2013, and the Freiburg (Germany) facility leases expire in 2012. The Singapore facility lease expires in 2009. The Starnberg (Germany) main facility is leased until 2017 from a member of the Company's board of and includes a clause to terminate the lease contract within a two-year notice period during the contract. The leases on its

U.S. facilities in Boxborough, Massachusetts, Plymouth, Michigan, Tucson, Arizona, and East Granby, Connecticut expire in 2010, 2012, 2013, and 2010 respectively. The Gothenburg (Sweden) facility lease expires in 2011, with a renewal option for three years. The Tampere (Finland) facility is leased with no expiration date but can be terminated upon three months notice from the landlord and a one month notice from the lessee.

The Company maintains sales, administration and research and development facilities at each of the Hamburg, Starnberg, Gunding-Munich, Mainz, Freiburg, Kingston upon Hull, Gothenburg, Tampere, East Granby, Plymouth, Landing, and Orlando locations. The Company also maintains sales and service offices worldwide, all of which are leased, with the exception of the Pamplona (Spain), and Seoul (South Korea) properties which are owned.

The Company believes that its existing facilities are adequate to meet its currently projected needs for the next 12 months and that suitable additional or alternative space would be available, if necessary, in the future on commercially reasonable terms.

ITEM 3. 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_2 lasers has asserted that the Company has calculated royalties due in respect of certain sales of such CO_2 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. The Company is still waiting for a response from the licensor. 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of the security holders during the fourth quarter of our fiscal year ended September 30, 2008.

PART II

ITEM 5. MARKET PRICE FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Common Stock is traded on the NASDAQ Global Select Market and also on the Prime Standard Segment of the Frankfurt Stock Exchange, under the symbol RSTI and international securities identification number (ISIN) US7750431022, respectively. The table below sets forth the high and low closing sales prices of the Company's Common Stock for each quarter ended during the last two fiscal years as reported by NASDAQ:

	Common Stock Trade Prices	
Quarter ended	High	Low
December 31, 2006	$ 31.86	$ 28.67
March 31, 2007	$ 32.72	$ 28.17
June 30, 2007	$ 35.15	$ 29.95
September 30, 2007	$ 36.55	$ 32.54
December 31, 2007	$ 48.58	$ 36.55
March 31, 2008	$ 47.15	$ 34.72
June 30, 2008	$ 47.93	$ 30.20
September 30, 2008	$ 42.34	$ 28.54

At November 28, 2008, the Company had 7 holders of record of its Common Stock and 28,896,619 shares outstanding. A significantly greater number of holders of the Company's Common Stock are "street name" or beneficial holders, whose shares are held of record by bankers, brokers and other financial institutions. The Company has not paid dividends on its Common Stock and does not anticipate paying dividends in the foreseeable future.

During the fiscal year 2008, no equity securities of the Company were sold by the Company that were not registered under the Securities Act.

There were no purchase of Common Stock of the Company made by the Company or any "affiliated purchaser" of the Company as defined in Rule 10b-18(a)(3) under the Exchange Act during the fourth fiscal quarter of the fiscal year 2008.

On November 7, 2007, the Board of Directors had approved a stock buyback plan which authorized the repurchase of up to $120 million of the Company's common stock, or approximately 10% of the shares of Common Stock then outstanding based on then current market prices. The share buyback program was authorized to begin November 15, 2007. The shares were repurchased from time to time in open market transactions or privately negotiated transactions at the Company's discretion, including the quantity, timing and price thereof.

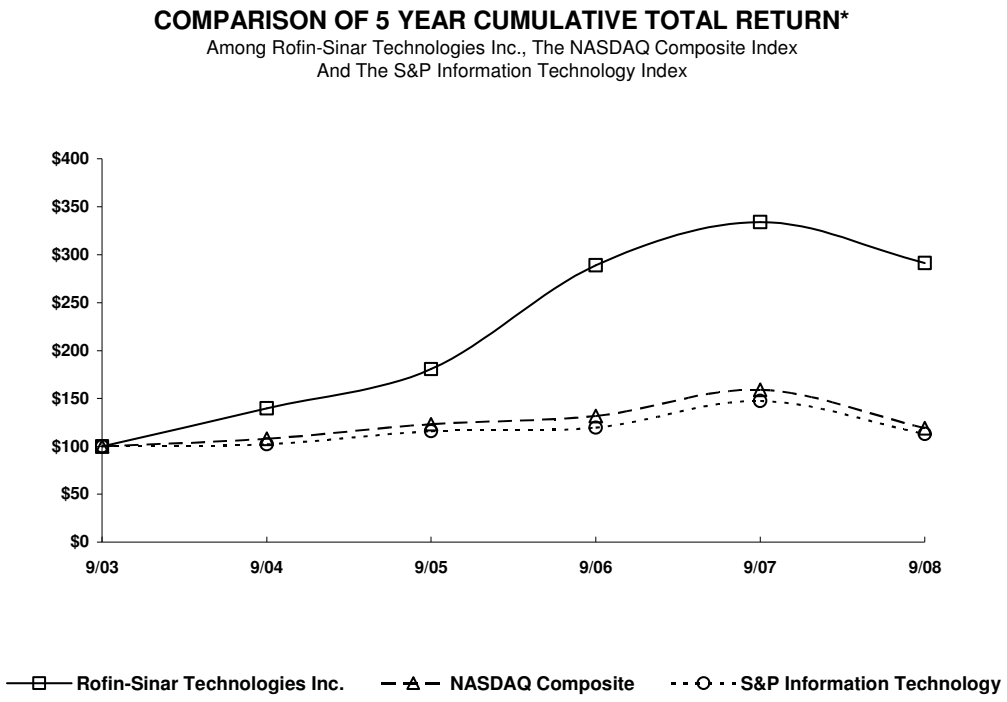
Period	Total Number Of Shares (In Thousands)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publically Announced Plans or Programs (In Thousands)	Approximate Dollar Value That May Yet Be Purchased Under The Plans Or Programs
November 15, 2007 thru November 30, 2007	405	$ 44	405	$ 102,224
December 3, 2007 thru December 31, 2007	1,289	$ 46 2/3	1,289	$ 42,028
May 2, 2008 thru May 19, 2008	1,136	$ 37	1,136	$ 4
Total	2,830	$ 42 2/5	2,830	

STOCK PRICE PERFORMANCE GRAPH

The following Stock Price Performance Graph includes comparisons required by the SEC. The Graph does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference therein.

The following graph presents the one-year total return for Rofin-Sinar Technologies Inc. Common Stock compared with the NASDAQ Stock Market Index and the S&P Technology Sector Index. Rofin-Sinar selected these comparative groups due to industry similarities and the fact that they contain several direct competitors.

The graph assumes that the value of the investment in Rofin-Sinar Technologies Inc. Common Stock, the NASDAQ Stock Market Index, and the S&P Technology Sector Index each was $100 on September 30, 2003, and that all dividends were reinvested. The S&P Technology Sector Index is weighted by market capitalization. The stock price performance shown in this graph is not necessarily indicative of, and not intended to suggest future stock price performance.



*$100 invested on 9/30/03 in stock & index-including reinvestment of dividends.
Fiscal year ending September 30.

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

	Rofin-Sinar Technologies Inc.	NASDAQ Stock Market Index	S&P Technology Sector Index
9/30/03	100	100	100
9/30/04	139.77	107.74	101.96
9/30/05	180.73	123.03	115.67
9/30/06	289.11	131.60	119.44
9/30/07	334.02	158.88	147.30
9/30/08	291.25	119.05	112.87

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial data for the five fiscal years ended September 30, 2008. The information set forth below should be read in conjunction with the consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere in this Annual Report on Form 10-K.

	Year ended September 30,				
	2008	2007	2006	2005	2004
	(in thousands, except per share amounts)				
STATEMENT OF OPERATIONS DATA:					
Net sales	$575,278	$479,675	$420,890	$375,191	$322,628
Cost of goods sold	327,286	276,402	242,619	222,189	190,473
Gross profit	247,992	203,273	178,271	153,002	132,155
Selling, general & administrative expenses	103,781	86,468	76,900	66,171	58,336
Research & development expenses	41,113	27,830	23,968	22,565	20,473
Amortization expense	6,769	4,251	3,532	5,270	2,389
Income from operations	96,329	84,724	73,871	58,996	50,957
Net interest expense (income)	(2,960)	(5,028)	(2,588)	148	1,771
Income before income taxes	97,225	87,115	76,664	58,570	50,078
Income tax expense	33,466	31,838	27,041	20,595	17,648
Net income	63,759	55,277	49,623	37,975	32,430
Earnings per common share – Basic	$ 2.15	$ 1.78	$ 1.62	$ 1.26	$ 1.21
Earnings per common share – Diluted	$ 2.09	$ 1.74	$ 1.58	$ 1.22	$ 1.16
Shares used in computing earnings per share – Basic	29,640	30,975	30,568	30,143	26,957
Shares used in computing earnings per share – Diluted	30,446	31,806	31,374	31,122	28,040
OPERATING DATA (as percentage of sales):					
Gross profit	43.1%	42.4%	42.4%	41.0%	41.0%
Selling, general & administrative expenses	18.0%	18.0%	18.3%	17.6%	18.1%
Research & development expenses	7.1%	5.8%	5.7%	6.0%	6.4%
Income from operations	16.7%	17.7%	17.6%	15.7%	15.8%
Income before income taxes	16.9%	18.2%	18.4%	15.8%	15.5%
BALANCE SHEET DATA:					
Working capital	$ 257,954	$ 344,907	$ 282,659	$ 222,002	$ 163,540
Total assets	583,660	626,224	501,521	428,638	413,806
Line of credit and loans	66,674	40,592	35,416	41,002	54,802
Stockholders' equity	402,258	448,923	358,440	294,166	257,384

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Rofin-Sinar Technologies Inc. is a leader in the design, development, engineering, manufacture, and marketing of laser-based products, primarily used for cutting, welding, and marking a wide range of materials.

Lasers are a non-contact technology for material processing, which have several advantages compared to conventional manufacturing tools that are desirable in industrial applications. The Company's lasers all deliver a high-quality beam at guaranteed power outputs and feature compact design, high processing speed, flexibility, low operating and maintenance costs and easy integration into the customer's production process. As a technological leader in CO_2, solid-state lasers and diode lasers**,** the Company is able to meet a broad range of its customers' material processing requirements.

Based on the revised 2007 industry data of the Optoelectronics Report for laser products used for macro (cutting and welding) applications and marking and micro (fine cutting, fine welding, and perforating) applications combined, the Company had a worldwide market share (based on sales volume) in 2007 of approximately 18%. Using the Optoelectronics Report industry data projected for 2008, the Company believes it has a worldwide market share of approximately 20% and that it is among the largest suppliers of laser products used for marking applications worldwide. The Company has sold more than 47,000 laser sources since 1975 and currently has over 3,000 active customers (including multinational companies with multiple facilities purchasing from the Company). During fiscal 2008, 2007, and 2006, approximately 41%, 43%, and 41%, respectively, of the Company's revenues related to sales of laser products for macro applications, approximately 10%, 9%, and 8% respectively, related to sales of components, and approximately 49%, 48%, and 51%, respectively, related to sales of laser products for marking and micro applications.

Through its global manufacturing, distribution and service network, the Company provides a comprehensive range of laser sources and laser-based system solutions to three principal target markets: the machine tool, automotive, and the semiconductor and electronics industries. The Company sells directly to end-users and to original equipment manufacturers ("OEMs") (principally in the machine tool industry) that integrate Rofin's laser sources with other system components. Many of Rofin's customers are among the largest global participants in their respective industries. During fiscal 2008, 2007, and 2006, 25%, 23%, and 30%, respectively, of the Company's sales were in North America, 51%, 55%, and 48%, respectively, were in Europe and 24%, 22%, and 22%, respectively, were in Asia. See note 13, "Geographic Information", to the consolidated financial statements for further information.

Outlook

Management believes that the general slowdown of the industrial markets and recent fluctuations in exchange rates will have an impact on the Company's future business. Mid-term predictions are currently quite difficult, but we are confident that our focus on emerging industries and regions is the right strategy for sustained long-term success. Our success in this challenging macroeconomic environment will also depend on our ability to further diversify our markets, enhance our global presence and serve a broader customer base. We should be able to capitalize on our recent investment in Switzerland, India, and China. In addition, addressing less cyclical industries such as military and defense industry should help us to compensate a slowdown in other branches.

Acquisitions and Formation of New Entities

Effective October 1, 2005, the Company formed DILAS Diodelaser Inc. in Tucson, Arizona, as a wholly-owned subsidiary of the Company's wholly-owned subsidiary, Rofin-Sinar, Inc.

Effective December 2, 2005, the Company purchased an additional 4% of the share capital of Rofin-Sinar U.K. Ltd. through Rofin-Sinar Technologies Europe S.L. under an option agreement between the Company and the former minority shareholders. The Company currently holds 80% of the share capital of Rofin-Sinar U.K. Ltd. This purchase resulted in goodwill of $0.5 million.

On March 23, 2006, the Company acquired 40% of the share capital of H2B Photonics GmbH, Garbsen (Germany) through its wholly-owned subsidiary Carl Baasel Lasertechnik GmbH & Co. KG. H2B Photonics GmbH specializes in the development, manufacturing and sales of laser-based systems used to cut brittle materials, such as glass, to produce perfectly cut edges.

Effective May 1, 2006, the Company formed Rofin-Baasel Canada Ltd. in, Mississauga, Canada, as a wholly-owned subsidiary of the Company's wholly-owned subsidiary, Rofin-Sinar, Inc.

Effective December 2, 2006, the Company purchased an additional 1% of the share capital of Rofin-Sinar U.K. Ltd. through Rofin-Sinar Technologies Europe S.L. under an option agreement between the Company and the former minority shareholders. The Company currently holds 81% of the share capital of Rofin-Sinar U.K. Ltd. This purchase resulted in goodwill of approximately $0.2 million.

Effective February 28, 2007, the Company acquired 80% of the common stock of m2k-laser GmbH, Freiburg (Germany), through its wholly-owned subsidiary Rofin-Sinar Laser GmbH. m2k-laser GmbH develops and manufactures semiconductor lasers based on the III-V compounds GaAs and GaSb for use predominantly in the scientific industry. Additionally, the parties have agreed on a put/call option exercisable beginning in 2012 for the remaining 20% of the common stock. Accordingly, the Company's financial statements present m2k-laser GmbH as if it was 100%-owned. This purchase resulted in goodwill of approximately $0.6 million.

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 fiber-coupled diode laser systems, continuous-wave and ultra short pulse mode-locked fiber laser systems, and components such as diode lasers for a wide range of material processing applications. The terms of the purchase include payment of deferred purchase price based on Corelase Oy achieving certain financial targets. This purchase resulted in goodwill of approximately $6.9 million.

Effective April 05, 2007, the Company acquired 100% of the common stock of ES Technology Ltd., Oxford, (UK), through its wholly-owned subsidiary Rofin-Baasel UK Ltd. ES Technology Ltd. develops customized laser marking system solutions based on various laser technologies and distributes a number of optical devices and components into Northern European territories from several American suppliers via its subsidiary, Laser Service (Oxford) Ltd. This purchase resulted in goodwill of approximately $0.7 million.

Effective May 14, 2007, the Company purchased an additional 45% of the share capital of H2B Photonics GmbH, Garbsen (Germany) through its wholly-owned subsidiary Carl Baasel Lasertechnik GmbH. The Company currently holds 85% of the share capital of H2B Photonics GmbH. This purchase resulted in goodwill of approximately $0.1 million.

Effective December 3, 2007, the Company purchased the remaining 19% of the share capital of Rofin-Sinar U.K. Ltd. through Rofin-Sinar Technologies Europe S.L. under an option agreement between the Company and the former minority shareholders. The Company now holds 100% of the share capital of Rofin-Sinar U.K. Ltd. This purchase resulted in goodwill of $5.6 million.

Effective January 24, 2008, the Company purchased Nufern, one of the world's largest independent manufacturers of specialty fibers and fiber laser modules serving a wide range of industries, as a wholly-owned subsidiary of Rofin-Sinar Technologies Inc. This purchase resulted in goodwill of $6.6 million. The acquisition of Nufern is accounted for as a purchase business combination. Assets acquired and liabilities assumed are recorded in the accompanying condensed consolidated balance sheet at their estimated fair values at January 24, 2008. The Company is in the process of finalizing its valuation of the identified intangible assets related to this acquisition. To the extent the final valuation is different from the Company's preliminary assessment of fair value, a purchase price adjustment will be made, which could impact the amount of goodwill recorded. Nufern was purchased with cash and the Company is contingently obligated to make an additional amount in potential earn out payments based on Nufern achieving specific financial performance metrics through calendar year 2008.

During the quarter ended June 30, 2008, the Company formed Dilas Diodelaser China Company Ltd. in Nanjing (China) through its 95%-owned subsidiary Dilas Diodenlaser GmbH.

During the quarter ended June 30, 2008, the Company formed Nanjing Eastern Technologies Company Ltd. in Nanjing (China) as an 80%-owned subsidiary.

Effective July 1, 2008 the Company formed Rofin-Baasel Swiss AG in Biel (Switzerland) as a wholly-owned subsidiary through its wholly-owned subsidiary Rofin-Sinar Technologies Europe S.L.

The company is in the process of finalizing the acquisition of 80% of China-based Nanjing Eastern Laser Company Ltd. (NELC) through two separate cash transactions. NELC's product lines are largely comprised of high power, fast-axial flow CO_2 lasers, with a power range up to 3 kW as well as NC-based laser processing equipment.

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:

	Fiscal Year ended September 30,		
	2008	2007	2006
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	56.9%	57.6%	57.6%
Gross profit	43.1%	42.4%	42.4%
Selling, general and administrative expenses	18.0%	18.0%	18.3%
Research & development expenses	7.1%	5.8%	5.7%
Intangibles amortization	1.2%	0.9%	0.8%
Income from operations	16.7%	17.7%	17.6%
Income before income taxes	16.9%	18.2%	18.2%
Net income	11.1%	11.5%	11.8%

Fiscal Year 2008 Compared to Fiscal Year 2007

Net Sales – Net sales of $575.3 million represents an increase of $95.6 million, or 20%, over the prior year. Net sales increased $66.2 million, or 18%, in Europe/Asia and $29.4 million, or 26%, in North America, compared to the prior year. The U.S. dollar fluctuated against foreign currencies, which had a favorable effect on net sales of $45.0 million. Net sales of laser products for macro applications increased by 16% to $238.5 million, primarily due to the higher demand for our lower and higher power CO_2 lasers from OEM customers in the automotive industry. Net sales of lasers for marking and micro applications increased by 20% to $279.1 million compared to fiscal year 2007, mainly due to the higher demand for our lasers for micro and marking applications principally from the photovoltaic and electronics industries. Revenues for the component business increased by 37% to $58 million, primarily due to the Company's last acquisition and higher sales related to laser diodes.

Gross Profit – The Company's gross profit of $248.0 million increased by $44.7 million, or 22%, over the prior year. As a percentage of sales, gross profit increased to 43%. The increased percentage margin in fiscal year 2008 was primarily a result of a favorable product mix, an increase in the components business and higher production efficiencies gained primarily in the manufacturing of high-power CO_2 lasers. Gross profit was favorably affected by $15.5 million in fiscal year 2008 due to the fluctuation of the U.S. dollar against foreign currencies, primarily the Euro.

Selling, General and Administrative Expenses – Selling, general and administrative expenses increased by $17.3 million, or 20%, to $103.8 million, compared to fiscal year 2007 primarily as a result of our increased selling and marketing activities, mainly in Asia, the acquisition of our new companies, and higher commissions related to our record-high revenues. Selling, general and administrative expenses were impacted by $0.5 million higher stock-based compensation expenses compared to fiscal year 2007. As a percentage of net sales, selling, general and administrative expenses remained at 18%. Selling, general and administrative expenses were unfavorably affected by $7.2 million in fiscal year 2008 due to the fluctuation of the U.S. dollar against foreign currencies, primarily the Euro.

Research and Development – The Company's net expenses for research and development amounted to $41.1 million, which represents an increase of $13.3 million, or 48%, over fiscal year 2007 primarily due to ongoing research and development work mainly in the area of fiber lasers, R&D expenses from the new acquired subsidiaries and lower R&D grants. Gross research and development expenses for fiscal years 2008 and 2007 were $42.3 million and $30.1million, respectively, and were reduced by $1.2 million and $2.3 million of government grants during the respective periods. The Company will continue to apply for, and expects to continue receiving, government grants towards research and development, especially in Europe. Research and development expenses were unfavorably affected by $3.8 million in fiscal year 2008 due to the fluctuation of the U.S. dollar against foreign currencies, primarily the Euro.

Other Income - Net other income of $1.5 million fiscal year 2008 represents a decrease of $2.0 million compared to the prior year. As a result of our share buyback program, net interest income decreased to $3.0 million in fiscal year 2008, compared to net interest income of $5.0 million in fiscal 2007. The interest income is offset by $1.9 million of foreign currency losses in fiscal 2008 compared to $2.1 million in fiscal 2007.

Income Tax Expense – Income tax expense of $33.5 million in fiscal year 2008 and $31.8 million in fiscal year 2007, represent effective tax rates of 34.4% and 36.6% for the respective periods. The lower effective income tax rate in fiscal year 2008 is mainly due to a reduced effective tax rate in Germany as a result of a change in German income tax law. Income tax expense, a significant portion of which is incurred in foreign currencies, was unfavorably affected by $3.3 million in fiscal 2008 due to the weakening of the U.S. dollar against foreign currencies, primarily the Euro.

Net Income – As a result of the foregoing factors, the Company's net income of $63.8 million ($2.09 per diluted share, based on 30.4 million weighted average common shares outstanding) in fiscal year 2008 increased by $8.5 million over the prior year's net income of $55.3 million ($1.74 per diluted share, based on 31.8 million weighted average common shares outstanding). Currency translation increased net income by $0.9 million in fiscal year 2008.

Fiscal Year 2007 Compared to Fiscal Year 2006

Net Sales – Net sales of $479.7 million represents an increase of $58.8 million, or 14%, over the prior year. Net sales increased $72.7 million, or 25%, in Europe/Asia and decreased $13.9 million, or 11%, in North America, compared to the prior year. The U.S. dollar fluctuated against foreign currencies, which had a favorable effect on net sales of $26.8 million. Net sales of laser products for macro applications increased by 19% to $205.8 million, primarily due to the higher demand for our lower and higher power CO_2 lasers from OEM-customers in the machine tool industry. Net sales of lasers for marking and micro applications increased by 9% to $231.9 million compared to fiscal year 2006, mainly due to the higher demand for our lasers for micro and marking applications principally from the photovoltaic, electronics, and medical device industries. Revenues for the component business increased by 22% to $42.0 million, primarily due to higher sales related to laser diodes and fiber-optic products.

Gross Profit – The Company's gross profit of $203.3 million increased by $25.0 million, or 14%, over the prior year. As a percentage of sales, gross profit remained at 42%. The high percentage margin in fiscal year 2007 was primarily a result of a favorable product mix across all product lines and the higher production efficiencies gained primarily in the manufacturing of high-power CO_2 lasers. Gross profit was favorably affected by $9.2 million in fiscal year 2007 due to the fluctuation of the U.S. dollar.

Selling, General and Administrative Expenses – Selling, general and administrative expenses increased by $9.6 million, or 12%, to $86.5 million, compared to fiscal year 2006 primarily as a result of our increased selling and marketing activities, the acquisition of our new companies, and higher commissions related to our record-high revenues. Selling, general and administrative expenses were impacted by $2.1 million higher stock-based compensation expenses compared to fiscal year 2006. As a percentage of net sales, selling, general and administrative expenses remained at 18%. Selling, general and administrative expenses were unfavorably affected by $4.2 million in fiscal year 2007 due to the fluctuation of the U.S. dollar.

Research and Development – The Company's net expenses for research and development amounted to $27.8 million, which represents an increase of $3.8 million, or 16%, over fiscal year 2006 primarily due to ongoing research and development work mainly in the area of high-power fiber lasers, diode pumped, solid-state lasers, and CO_2 lasers. Gross research and development expenses for fiscal years 2007 and

2006, were $30.1 million and $25.2million, respectively, and were reduced by $2.3 million and $1.2 million of government grants during the respective periods. The Company will continue to apply for, and expects to continue receiving, government grants towards research and development, especially in Europe. Research and development expenses were unfavorably affected by $2.0 million in fiscal year 2007 due to the fluctuation of the U.S. dollar.

Other Income - Net other income of $3.5 million fiscal year 2007 represents a decrease of $0.2 million compared to the corresponding period in the prior year. Due to our continued cash generation, the low interest rates on outstanding debt, and higher interest rates on short-term investments, we were able to achieve net interest income of $5.0 million in fiscal year 2007, compared to net interest income of $2.6 million in fiscal 2006. This increased interest income is offset by $2.1 million of foreign currency losses in fiscal 2007 compared to $0.3 million of foreign currency gains in fiscal 2006.

Income Tax Expense – Income tax expense of $31.8 million in fiscal year 2007 and $27.0 million in fiscal year 2006, represent effective tax rates of 36.6 % and 35.3% for the respective periods. The higher effective income tax rate in fiscal year 2007 is mainly due to high permanent differences related to the stock-based compensation expenses and taxable profit generation at nearly all subsidiaries which includes the usage of the existing net operating losses. Income tax expense, a significant portion of which is incurred in foreign currencies, was unfavorably affected by $2.2 million in fiscal 2007 due to the weakening of the U.S. dollar against foreign currencies, primarily the Euro.

Net Income – As a result of the foregoing factors, the Company's net income of $55.3 million ($3.48 per diluted share, based on 15.9 million weighted average common shares outstanding) in fiscal year 2007 increased by $5.7 million over the prior year's net income of $49.6 million ($3.16 per diluted share, based on 15.7 million weighted average common shares outstanding). SFAS 123R had an effect of reducing net income by $5.0 million. Currency translation increased net income by $0.5 million in fiscal year 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of liquidity at September 30, 2008, were cash and cash equivalents of $114.5 million, short-term investments of $2.0 million, an annually renewable $25.0 million line of credit with Deutsche Bank AG, a long-term loan with Deutsche Bank AG of $7.2 million and several other lines of credit to support foreign subsidiaries in their local currencies in an aggregate amount of $94.3 million (translated at the applicable exchange rate at September 30, 2008). Additionally, the Company had outstanding short-term debt with Deutsche Bank AG and Bayerische Hypo und Vereinsbank AG of $40.0 million, which was used to finance the stock buyback plan. As of September 30, 2008, $3.2 million was outstanding under the $25.0 million Deutsche Bank facility, $7.2 million was outstanding from the long-term loan with Deutsche Bank and $16.3 million under other lines of credit. Therefore, $99.8 million is unused and available under Rofin's lines of credit. The Company is subject to financial covenants under these facilities and lines of credit, which could restrict the Company from drawing money under them. At September 30, 2008, the Company was in compliance with these covenants.

Cash and cash equivalents decreased by $4.0 million during fiscal year 2008. Approximately $32.6 million in cash and cash equivalents were provided by operating activities, primarily as the result of increased net income and other non-cash items, principally depreciation and amortization. Operating cash flow was negatively affected by a decrease in income tax payable and an increase in accounts receivables and in inventories.

Net cash provided by investing activities totaled $52.2 million for the year ended September 30, 2008, and related primarily to the sale of short-term investments ($224.6 million) offset by the purchase of short-term investments ($128.5), acquisitions ($30.2), and various additions to property and equipment in connection with the expansion of the Company's operations ($14.5 million).

Net cash used in financing activities totaled $90.5 million and was primarily related to the stock buyback program ($120.0 million), partly offset by $24.6 million net borrowings from banks and by $5.2 million generated through issuance of new shares from the exercise of stock options.

The Company expects that its capital expenditures will be approximately $14.0 million in 2009.

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

The following table illustrates the Company's contractual obligations as of September 30, 2008:

	Payments due by period (in thousands)				
Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long and short-term debt	$ 66,674	$ 54,706	$ 2,161	$ 7,549	$ 2,258
Pension obligations	12,275	387	2,129	2,798	6,961
Operating lease obligations	33,281	7,872	13,736	3,454	8,219
Purchase obligations *	116,892	92,458	24,432	2	-
Interest obligation	3,890	1,102	2,005	783	-
Other long-term liabilities	1,584	133	497	263	691
Total	$ 234,596	$ 156,658	$ 44,960	$ 14,849	$ 18,129

* Purchase obligations include payments due under various types of agreements to purchase raw materials or other goods.

Off-Balance Sheet Arrangements

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

CURRENCY EXCHANGE RATE FLUCTUATIONS

Although the Company prepares its consolidated financial statements in U.S. dollars, approximately 69% of its net sales are denominated in other currencies, primarily the Euro, Swedish krona, Swiss francs, British pound, Singapore dollar, Taiwanese dollar, Korean won, Japanese yen, Canadian dollar, and Chinese RMB. Net sales and costs and related assets and liabilities are generally denominated in the functional currencies of the operations, thereby serving to reduce the Company's exposure to exchange gains and losses.

Exchange differences upon translation from each operation's functional currency to U.S. dollars are accumulated as a separate component of equity. The currency translation adjustment component of shareholders' equity had the effect of increasing total equity by $37.4 million at September 30, 2008, as compared to $42.2 million at September 30, 2007.

The fluctuation of the Euro and the other relevant functional currencies against the U.S. dollar has had the effect of increasing or decreasing (as applicable) reported net sales, as well as cost of goods sold, gross margin, selling, general and administrative expenses, and research and development expenses, denominated in such foreign currencies when translated into U.S. dollars as compared to prior periods.

The Company defines the term "constant currency" to mean that financial data for a period are translated into U.S. dollars using the same foreign currency exchange rates that were used to translate financial data for the previously reported period. Changes in sales, gross profit and income from operations include the effect of fluctuations in foreign currency exchange rates. The Company's management reviews and analyzes business results on a currency basis and believes these results better represent the Company's underlying business trends without distortion due to currency fluctuations. The Company believes that this "constant currency" financial information is a useful measure for investors because it reflects actual changes in operations.

The following chart compares our net sales, gross profit, and income from operations for each of fiscal 2008, 2007, and 2006 to the equivalent financial results calculated on a "constant currency" basis. Because this "constant currency" financial information does not conform to generally accepted accounting principles, it is presented under the caption "Non-GAAP Constant Currency":

	Fiscal Year 2008		Fiscal Year 2007		Fiscal Year 2006	
	GAAP Actual	Non-GAAP Constant Currency	GAAP Actual	Non-GAAP Constant Currency	GAAP Actual	Non-GAAP Constant Currency
	(in millions)					
Net sales	$ 575.3	$ 530.2	$ 479.7	$ 452.9	$ 420.9	$ 429.7
Gross profit	248.0	232.5	203.3	193.9	178.3	181.4
Income from operations	96.3	92.1	84.7	82.0	73.9	74.8

Between fiscal year 2008 and 2007, the average exchange rate for the Euro strengthened against the U.S. dollar by approximately 11.3%. The impact of this strengthening was to increase net sales and gross profit by $45.1 million and $15.8 million, respectively, because approximately 69% of sales are denominated in other currencies, primarily the Euro. However, because more than 69% of operating expenses are also denominated in these other currencies, this same strengthening of the Euro had the effect of increasing operating expenses and thereby reducing the overall exchange rate effect on income from operations by $4.2 million.

Between fiscal year 2007 and 2006, the average exchange rate for the Euro strengthened against the U.S. dollar by approximately 7.6%. The impact of this strengthening was to increase net sales and gross profit by $26.8 million and $9.2 million, respectively, because approximately 69% of sales were denominated in other currencies, primarily the Euro. This strengthening of the Euro had the effect of increasing operating expense by $6.4 million, thereby increasing income from operations only by $2.7 million.

Between fiscal year 2006 and 2005, the average exchange rate for the Euro weakened against the U.S. dollar by approximately 3.0%. The impact of this weakening was to decrease net sales and gross profit by $8.8 million and $3.1 million, respectively, because approximately 61% of sales were denominated in other currencies, primarily the Euro. This weakening of the Euro had the effect of decreasing operating expense by $2.2 million, thereby reducing income from operations only by $0.9 million.

CRITICAL ACCOUNTING POLICIES

The Company's significant accounting policies are more fully described in Note 1 of the consolidated financial statements. 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 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 these 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 Obligations

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 provides the actuarial consultants with 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 uses 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 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. SFAS No. 123R 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 compensation expense related to non-U.S. employees is treated as a permanent difference for income tax purposes.

New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements", ("SFAS 157"). SFAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. The changes to current practice resulting from the application of this Statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. SFAS 157 will be effective beginning in the Company's first quarter of fiscal year 2009. We do not believe that the adoption of the provisions of SFAS 157 will materially impact our consolidated financial position and results of operations.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial instruments and certain other opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently. The Statement is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the requirements of SFAS 159 on its consolidated financial position and results of operations.

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141 (Revised 2007), "Business Combinations". SFAS 141(R) retains the fundamental requirements of the original pronouncement requiring that the purchase method be used for all business combinations. SFAS 141(R) 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, SFAS 141(R) requires expensing of acquisition-related and restructure-related costs, remeasurement of earn out provisions at fair value, measurement of equity securities issued for purchase at the date of close of the transaction and non-expensing of in-process research and development related intangibles. SFAS 141(R) is effective for the Company's business combinations for which the acquisition date is on or after October 1, 2009. The Company is currently evaluating the impact of the implementation of SFAS No. 141(R) on its consolidated financial position and results of operations.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51". This Statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. It requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. This Statement establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation. SFAS No. 160 is effective for the Company's fiscal year beginning October 1, 2009. The Company is currently evaluating the impact of the implementation of SFAS 160 on its consolidated financial position, results of operations and cash flows.

In February 2008, the FASB issued FASB Staff Position ("FSP") No. FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13". FSP 157-1 amends SFAS 157 to exclude from its scope SFAS 13, "Accounting for Leases", and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under SFAS 13.

In February 2008, the FASB issued FSP No. 157-2, "Effective Date of FASB Statement No. 157", which defers the effective date of SFAS 157 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), to the Company's first quarter of fiscal year 2010.

In March 2008, the FASB released SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." SFAS 161 requires additional disclosures related to the use of derivative instruments, the accounting for derivatives and the financial statement impact of derivatives. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The Company is currently assessing the impact the adoption of SFAS 161 will have on the Company's consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position 142-3, “Determination of the Useful Life of Intangible Assets” (“FSP No. FAS 142-3”), which amends the list of factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS No. 142, “Goodwill and Other 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 FSP No. FAS 142-3, 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. FSP No. FAS 142-3 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. The Company is in the process of evaluating the impact that the adoption of FSP No. FAS 142-3 may have on its financial statements and related disclosures.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"), 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 (GAAP) in the United States (the GAAP hierarchy). SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." The Company does not expect the adoption of SFAS 162 to have a material effect on its consolidated financial statements.

In June 2008, the FASB issued FASB Staff Position (“FSP”) No. EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transaction Are Participating Securities.” FSP No. EITF 03-6-1 requires that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. This statement is 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 with its provisions. The Company is currently evaluating the impact, if any, that the adoption of FSP EITF 03-6-1 will have on its consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

As of September 30, 2008, the Company maintained cash equivalents and short-term investments of $116.5 million, consisting mainly of non-taxable interest bearing securities and demand deposits all with maturities of less than three months. If short-term interest rates were to increase or decrease by 10%, the impact on interest income would be approximately $0.2 million.

As of September 30, 2008, the Company had $1.6 million of variable rate debt on which the interest rate is reset every three months, $15.8 million of variable rate debt on which the interest rate is reset every six months and $49.2 million of fixed rate debt. Maturities of this debt are as follows: $54.7 million is due in 2009, $0.9 million is due in 2010, $0.7 million is due in 2011, $0.6 million is due in 2012, $7.4 million is due in 2013, $0.1 million is due in 2014 and $2.3 million is due in 2015. A 10% change in the variable interest rates of the Company’s debt would result in an increase or decrease in interest expense of less than $0.1 million.

Additionally, the Company entered into interest rate swap agreements of total notional amount of Euro 4.0 million (equivalent to $5.7 million based on the exchange rate at September 30, 2008) 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 September 30, 2008, the Company held Japanese yen forward exchange options with notional amounts of Euro 0.7 million, Japanese yen forward exchange options with notional amount of $0.2 million and Euro forward exchange options of Euro 0.7 million. The gains or losses resulting from a 10% change in currency exchange rates would be approximately $0.1 and $0.3 million respectively.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Item 15(a) for an index to the consolidated financial statements. No supplementary financial information is required to be presented pursuant to Item 302(a) of Regulation S-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Attached as exhibits to this Form 10-K are certifications of the Company's chief executive officer and chief financial officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This "Controls and Procedures" section includes information concerning the controls and controls evaluation referred to in the certifications. Part IV, Item 15 of this Form 10-K sets forth the report of Deloitte & Touche LLP, our independent registered public accounting firm, regarding its audit of the Company's internal control over financial reporting set forth below in this section. This section should be read in conjunction with the certifications and the Deloitte & Touche LLP report for a more complete understanding of the topics presented.

Evaluation of Disclosure Controls and Procedures

The Company under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2008. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2008.

There has been no change in the Company's internal control over financial reporting during the fourth quarter of our fiscal year ended September 30, 2008, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records, that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed the Company's internal control over financial reporting as of September 30, 2008, the end of its fiscal year. Management based its assessment on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and the Company's overall control environment. This assessment is supported by testing and monitoring performed by the Company's Internal Audit organization.

Based on its assessment, management has concluded that the Company's internal control over financial reporting was effective as of the end of the fiscal year to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. Management reviewed the results of its assessment with the Audit Committee of the Company's Board of Directors.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, independently assessed the effectiveness of the Company's internal control over financial reporting. Deloitte & Touche LLP has issued an attestation report concurring with management's assessment, which is included at the beginning of Part IV, Item 15 of this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is included in the "Election of Directors", "Directors and Executive Officers", "Section 16(a) Beneficial Ownership Reporting Compliance", and "Committees of the Board of Directors; Meetings and Compensation of Directors", sections of the Company's Proxy Statement to be filed in connection with the Company's 2009 Annual Meeting of Stockholders to be held in March 2009, and is incorporated by reference herein.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is included in the "Executive Compensation and Related Information" section of the Company's Proxy Statement to be filed in connection with the Company's 2009 Annual Meeting of Stockholders to be held in March 2009, and is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth the number of securities authorized for issuance under our equity compensation plans at September 30, 2008:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
2002 Equity Incentive Plan	1,662,000	18 1/16	--
2007 Incentive Stock Plan	905,300 *	32 2/3	966,750
Total equity compensation plans approved by security holders	2,567,300	23 2/9	966,750
Equity compensation plans not approved by security holders	--	--	--
Total	2,567,300	23 2/9	966,750

The remaining information required by this is included in the "Security Ownership of Certain Beneficial Owners" and "Management" sections of the Company's Proxy Statement to be filed in connection with the Company's 2009 Annual Meeting of Stockholders to be held in March 2009, and is incorporated by reference herein.

* Does not included 12,000 shares that were issued as the annual grants of shares of common stock to outside Board of Directors

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is included in the "Compensation Committee", "Compensation Committee Interlocks and Insider Participation" and "Certain Relationships and Related Transactions" sections of the Company's Proxy Statement to be filed in connection with the Company's 2009 Annual Meeting of Stockholders to be held in March 2009, and is incorporated by reference herein.

The main facility in Starnberg is rented under a 25-year operating lease from the former minority shareholder of CBL, Mr. Baasel, who is also a member of the Board of Directors of the Company, and includes a clause to terminate the lease contract within a two-year notice period during the contract. The Company paid, mainly for rental expenses, $1 million, $0.7 million and $0.6 million, to Mr. Baasel during fiscal years 2008, 2007, and 2006, respectively.

The Company believes that all transactions noted above, have been executed on an arms-length basis. Except for the foregoing, no director, officer, nominee director, 5% holder of the Company's shares, or immediate family member, associate or affiliate thereof, had any material interest, direct or indirect, in any transaction since the beginning of fiscal year 2008 or has any material interest, direct or indirect, in any proposed transaction, having a value of $60,000 or more.

Indebtedness of Officers and Directors

Since the beginning of fiscal year 2004, there has been no indebtedness to the Company by any director or officer or associates of any such person, other than reimbursements for purchases, for ordinary travel and expense advances and for other transactions in the ordinary course of business.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information set forth under "Independent Public Accountants" in the definitive form of the Company's Proxy Statement to be filed in connection with the Company's 2009 Annual Meeting of Stockholders to be held in March 2009, is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a. 1. Consolidated Financial Statements

The following financial statements are filed as part of this 10-K:

2. Financial Statement Schedules

Schedules not listed above have been omitted because the matter or conditions are not present or the information required to be set forth therein is included in the Consolidated Financial Statements hereto.

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report.

EXHIBIT NUMBER	DESCRIPTION
3.1	Certificate of Incorporation of the Company and Form of Certificate of Amendment thereto (*)
3.2	By-Laws of the Company (**)
4.1	Form of Rights Agreement (*)
10.1	Form of Sale and Transfer Agreement between Siemens Aktiengesellschaft and Rofin-Sinar Technologies Inc. (*)
10.2	Form of Sale and Transfer Agreement by and among Siemens Power Corporation and Rofin-Sinar Technologies Inc. (*)
10.3	Form of Tax Allocation and Indemnification Agreement among Rofin-Sinar Technologies Inc., Rofin-Sinar, Inc., Siemens Corporation, and Siemens Power Corporation (*)
10.4	Joint Venture Agreement, dated as of May 27, 1992, by and among Rofin-Sinar Laser GmbH, Marubeni Corporation and Nippei Toyama Corporation (*)
10.5	Cooperation Agreement, dated as of May 27, 1992, among Nippei Toyama Corporation, Rofin-Sinar Laser GmbH, and Marubeni Corporation (*)
10.6	Cooperation Agreement, dated as of May 27, 1992, among Rofin-Sinar Laser GmbH, Marubeni Corporation, and Nippei Toyama Corporation (*)
10.7	Inheritable Building Right (Erbbaurecht), dated as of March 1, 1990, between Rofin-Sinar Laser GmbH and Lohss GmbH (in German, English summary provided) (*)
10.8	Lease Agreement, dated August 10, 1990, between Josef and Maria Kranz and Rofin-Sinar Laser GmbH (in German, English summary provided) (*)
10.9	Lease Agreement, dated March 25, 1993, between DR Group and Rofin-Sinar, Incorporated (Concept Drive property) (*)
10.10	Rofin-Sinar Laser GmbH Pension Plan (in German, English summary provided) (*) (a)
10.11	Form of 1996 Equity Incentive Plan (*) (a)
10.12	Form of 1996 Non-Employee Directors' Stock Plan (*) (a)
10.13	Deutsche Bank AG Commitment Letter dated August 22, 1996 (*)
10.14	Form of Employment Agreement, dated as of September 2, 1996 among Peter Wirth, Rofin-Sinar Laser GmbH, and Rofin-Sinar Technologies Inc. (in German, English summary provided) (a)
10.15	Form of Employment Agreement, dated as of September 2, 1996, among Gunther Braun, Rofin-Sinar Laser GmbH, and Rofin-Sinar Technologies Inc. (in German, English summary provided) (*) (a)
10.16	English Translation of Acquisition Agreement, dated as of April 29, 2000, by and between Mannesmann Demag Krauss-Maffei AG and Rofin-Sinar Laser GmbH (****)
10.17	English Translation of Option Agreement between Carl Baasel and Rofin-Sinar Laser GmbH

EXHIBIT NUMBER	DESCRIPTION
	(***)
10.18	Lease Agreement between Carl Baasel and Rofin-Sinar Laser GmbH (***)
10.19	2002 Equity Incentive Plan (*****) (a)
10.20	2007 Incentive Stock Plan (*******) (a)
14.1	Code of Business Ethics (******)
21.1	List of Subsidiaries of the Registrant
23.1	Consent of KPMG, LLP Independent Registered Public Accounting Firm
23.2	Consent of Deloitte & Touche, LLP Independent Registered Public Accounting Firm,
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

(*) Incorporated by reference to the exhibits filed with the Company's Registration Statement on Form S-1 (File No. 333-09539) which was declared effective on September 25, 1996.

(**) Incorporated by reference to the exhibit filed with the Company's Quarterly Report for the period ended March 31, 1998.

(***) Incorporated by reference to the exhibit filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 24, 2000.

(****) Incorporated by reference to the exhibit filed with the Company's Annual Report on Form 10-K/A filed with the Securities and Exchange Commission on January 18, 2001.

(*****) Incorporated by reference to the exhibit filed with the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 23, 2003.

(******) Incorporated by reference to the exhibit filed with the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on January 30, 2004.

(*******) Incorporated by reference to the exhibit filed with the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on January 25, 2007.

(a) Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(c) of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: November 28, 2008

ROFIN-SINAR TECHNOLOGIES INC.

By: /s/ Günther Braun
Günther Braun
President, Chief Executive Officer, and Director

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Peter Wirth Peter Wirth	Chairman of the Board	November 28, 2008
/s/ Günther Braun Günther Braun	President, Chief Executive Officer, and Director	November 28, 2008
/s/ Ingrid Mittelstaedt Ingrid Mittelstaedt	Chief Financial Officer	November 28, 2008
/s/ Ralph Reins Ralph Reins	Director	November 28, 2008
/s/ Gary Willis Gary Willis	Director	November 28, 2008
/s/ Carl F. Baasel Carl F. Baasel	Director	November 28, 2008
/s/ Daniel Smoke Daniel Smoke	Director	November 28, 2008
/s/ Stephen Fantone Stephen Fantone	Director	November 28, 2008

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Rofin-Sinar Technologies Inc. and Subsidiaries:

We have audited the accompanying consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows of Rofin-Sinar Technologies Inc. and Subsidiaries (the "Company") for the fiscal year ended September 30, 2006. Our audit also included the financial statement schedule, Valuation and Qualifying Accounts, for the fiscal year ended September 30, 2006. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Rofin-Sinar Technologies Inc. and Subsidiaries for the fiscal year ended September 30, 2006, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, such financial statement schedule for the fiscal year ended September 30, 2006, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP
Detroit, Michigan
December 12, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Rofin-Sinar Technologies Inc. and Subsidiaries
Plymouth, Michigan

We have audited the accompanying consolidated balance sheets of Rofin-Sinar Technologies Inc. and subsidiaries (the "Company") as of September 30, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. Our audits also included the financial statement schedule listed in the Index at Item 15 (the "financial statement schedule"). We also have audited the Company's internal control over financial reporting as of September 30, 2008, based on criteria established in *Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission*. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and financial statement schedule, and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audits of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2008 and 2007, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2008, based on the criteria established in *Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission*.

As discussed in Note 9, the Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, on October 1, 2007.

/s/ DELOITTE & TOUCHE LLP
Detroit, Michigan
November 28, 2008

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share data)

	September 30,	
	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 114,486	$ 118,458
Short-term investments	1,985	109,751
Accounts receivable, trade	121,557	106,866
Less allowance for doubtful accounts	(3,647)	(3,206)
Trade accounts receivable, net	117,910	103,660
Accounts receivable from related party (note 12)	712	563
Other accounts receivable	3,393	5,720
Inventories (note 2)	153,267	135,806
Prepaid expenses	3,183	2,938
Deferred income tax assets (note 9)	11,419	10,340
Total current assets	406,355	487,236
Long-term investments	11,550	--
Property and equipment, at cost (note 3)	113,551	95,579
Less accumulated depreciation	(57,325)	(51,736)
Property and equipment, net	56,226	43,843
Deferred income tax assets (note 9)	4,796	3,291
Goodwill (note 4)	91,755	79,614
Intangibles, net (note 4)	11,443	11,382
Other assets	1,535	858
Total assets	$ 583,660	$ 626,224
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line of credit and short-term borrowings (notes 6)	$ 54,706	$ 27,952
Accounts payable, trade	21,176	18,197
Accounts payable to related party (note 12)	1,433	1,222
Income taxes payable (note 9)	6,316	33,046
Deferred income tax liabilities (note 9)	1,343	38
Accrued liabilities (note 5)	63,427	61,873
Total current liabilities	148,401	142,328
Long-term debt (note 7)	11,968	12,639
Pension obligations (note 10)	12,049	13,324
Deferred income tax liabilities (note 9)	4,549	4,245
Minority interests	2,287	3,794
Other long-term liabilities	2,148	971
Total liabilities	181,402	177,301
Commitments (note 8)		
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized, none issued or outstanding	--	--
Common stock, $0.01 par value, 50,000,000 shares authorized, 28,896,619 (31,141,600 at September 30, 2007) shares issued and outstanding (note 16)	161	156
Additional paid-in capital	189,091	177,048
Retained earnings	294,644	229,971
Accumulated other comprehensive income	38,358	41,748
Treasury shares, at cost, 2,829,581 shares	(119,996)	--
Total stockholders' equity	402,258	448,923
Total liabilities and stockholders' equity	$ 583,660	$ 626,224

See accompanying notes to consolidated financial statements

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED SEPTEMBER 30, 2008, 2007, AND 2006
(dollars in thousands, except share and per share amounts)

	Years ended September 30,		
	2008	2007	2006
Net sales	$ 575,278	$ 479,675	$ 420,890
Cost of goods sold	327,286	276,402	242,619
Gross profit	247,992	203,273	178,271
Selling, general and administrative expenses	103,781	86,468	76,900
Research and development expenses	41,113	27,830	23,968
Amortization expense	6,769	4,251	3,532
Income from operations	96,329	84,724	73,871
Other expense (income):			
Interest, net	(2,960)	(5,028)	(2,588)
Minority interest	574	1,126	890
Foreign currency losses (gains)	1,882	2,115	(344)
Miscellaneous	(392)	(604)	(751)
Total other expense (income), net	(896)	(2,391)	(2,793)
Income before income taxes	97,225	87,115	76,664
Income tax expense (note 9)	33,466	31,838	27,041
Net income	$ 63,759	$ 55,277	$ 49,623
Earnings per share (note 11):			
Basic	$ 2.15	$ 1.78	$ 1.62
Diluted	$ 2.09	$ 1.74	$ 1.58
Weighted average shares used in computing earnings per share (note 11):			
Basic	29,639,876	30,975,364	30,567,634
Diluted	30,446,319	31,806,454	31,373,784

See accompanying notes to consolidated financial statements

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
YEARS ENDED SEPTEMBER 30, 2008, 2007, AND 2006
(dollars in thousands)

	Number of Common Shares Outstanding	Common Stock Par Value	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Equity
BALANCES at September 30, 2005	30,245,300	$ 151	--	$ 162,550	$ 125,071	$ 6,394	$ 294,166
Comprehensive income:							
Fair value of interest swap agreement		--	--	--	--	204	204
Minimum pension liability						707	707
Foreign currency translation adjustment		--	--	--	--	8,841	8,841
Net income		--	--	--	49,623	--	49,623
Total comprehensive income							59,375
Common stock issued in connection with:							
Stock incentive plans	499,100	3	--	4,896	--	--	4,899
BALANCES at September 30, 2006	30,744,400	$ 154	--	$ 167,446	$174,694	$ 16,146	$ 358,440
Comprehensive income:							
Fair value of interest swap agreement		--	--	--	--	39	39
Minimum pension liability		--	--	--	--	479	479
Defined benefit pension plan:							
Net gain arising during period (net of taxes $295)		--	--	--	--	722	722
Foreign currency translation adjustment		--	--	--	--	25,853	25,853
Net income		--	--	--	55,277	--	55,277
Total comprehensive income							82,370
Adoption of the recognition provisions of SFAS No. 158		--	--	--	--	(1,491)	(1,491)
Common stock issued in connection with:							
Stock incentive plans	397,200	2	--	9,602	--	--	9,604
BALANCES at September 30, 2007	31,141,600	$ 156	--	$177,048	$229,971	$ 41,748	$ 448,923

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME, CONTINUED
YEARS ENDED SEPTEMBER 30, 2008, 2007, AND 2006
(dollars in thousands)

	Number of Common Shares Outstanding	Common Stock Par Value	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Equity
BALANCES at September 30, 2007	31,141,600	$ 156	--	$177,048	$229,971	$ 41,748	$ 448,923
Adoption of FIN 48		--	--	--	914	--	914
Comprehensive income:							
Fair value of interest swap agreement		--	--	--	--	(147)	(147)
Minimum pension liability							
Defined benefit pension plan:							
Net gain arising during period (net of taxes of $690)		--	--	--	--	1,588	1,588
Foreign currency translation adjustment		--	--	--	--	(4,831)	(4,831)
Net income		--	--	--	63,759	--	63,759
Total comprehensive income							60,369
Common stock issued in connection with:							
Stock incentive plans	584,600	5	--	12,043	--	--	12,048
Less common shares held in treasury , at cost	(2,829,581)	--	(119,996)	--	--	--	(119,996)
BALANCES at September 30, 2008	28,896,619	$ 161	$(119,996)	$189,091	$294,644	$ 38,358	$ 402,258

See accompanying notes to consolidated financial statements

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2008, 2007 AND 2006
(dollars in thousands)

	Years ended September 30,		
	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 63,759	$ 55,277	$ 49,623
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	16,362	10,959	9,076
Issuance of restricted stock	439	335	284
Provision for doubtful accounts	730	1,582	642
Exchange rate (gains) losses	(1,804)	741	(22)
(Gain) loss on disposal of property and equipment	(32)	87	47
Stock-based compensation expenses	5,863	5,374	3,320
Deferred income taxes	(177)	(2,675)	(4,080)
Increase in minority interest	824	1,126	890
Change in operating assets and liabilities:			
Accounts receivable, trade	(13,134)	(10,799)	(5,437)
Other accounts receivable	1,001	(2,423)	(887)
Inventories	(15,355)	(5,691)	(5,313)
Prepaid expenses and other	(1,346)	(2,686)	(571)
Accounts payable	2,040	786	403
Income taxes payable	(27,522)	15,291	2,403
Accrued liabilities and pension obligations	914	615	7,909
Net cash provided by operating activities	32,562	67,899	58,287
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property and equipment	(14,485)	(8,964)	(6,396)
Proceeds from the sale of property and equipment	741	381	262
Purchases of short-term investments	(128,506)	(146,794)	(190,225)
Sales of short-term investments	224,650	131,252	174,800
Acquisition of business, net of cash acquired	(30,153)	(5,341)	(1,249)
Net cash provided by (used in) investing activities	52,247	(29,466)	(22,808)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings from bank	53,704	3,546	16,095
Repayments to bank	(29,122)	(11,486)	(23,140)
Purchase of treasury stock	(119,996)	--	--
Issuance of common stock	5,180	3,713	3,712
Payments to subsidiary's minority shareholders	(223)	--	--
Net cash used in financing activities	(90,457)	(4,227)	(3,333)
Effect of foreign currency translation on cash	1,676	8,857	2,647
Net increase (decrease) in cash and cash equivalents	(3,972)	43,063	34,793
Cash and cash equivalents at beginning of year	118,458	75,395	40,602
Cash and cash equivalents at end of year	$ 114,486	$ 118,458	$ 75,395
Cash paid during the year for interest	$ 2,046	$ 1,601	$ 1,770
Cash paid during the year for income taxes	$ 63,118	$ 21,219	$ 28,087

Non-cash investing and financing activities:
Investments of $ 11,550 that were previously recorded as short-term were reclassified to long –term in fiscal 2008.

See accompanying notes to consolidated financial statements

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2008, 2007, and 2006
(dollars in thousands, except per share amounts)

1. SUMMARY OF ACCOUNTING POLICIES

(a) Description of the Company and Business

The primary business of Rofin-Sinar Technologies Inc. ("Rofin" or "RSTI" or "the Company") is to develop, manufacture, and market industrial lasers and supplies used for material processing applications. The majority of the Company's customers are in the machine tool, automotive and semiconductor and electronics industries and are located in the United States, Europe, and Asia. For the years ended September 30, 2008, 2007, and 2006 Rofin generated approximately 65% of its revenues from the sale of lasers and laser systems and approximately 35% from aftermarket support for the Company's existing laser products and from its components business.

The accompanying financial statements present the historical financial information of Rofin-Sinar Technologies Inc., its wholly-owned subsidiaries Rofin-Sinar, Inc. ("RS Inc."), PRC Laser Corp. ("PRC"), Lee Laser, Inc. ("Lee"), Rofin-Baasel Canada Ltd., Dilas Diodelaser Inc., Corelase Oy, Nufern, Rofin-Sinar Technologies Europe S.L. ("RSTE") and its 80%-owned subsidiary Nanjing Eastern Technologies Company Ltd. RSTE, a European holding company formed in 1999, owns 100% of Rofin-Sinar Laser GmbH ("RSL"), 95% of Dilas Diodenlaser GmbH ("Dilas"), 100% of Rofin-Baasel Italiana S.r.l., 100% of Rofin-Baasel France S.A., 100% of Rofin-Sinar UK Ltd., 100% of Rofin-Baasel UK Ltd., 100% of Rofin-Baasel Benelux B.V., 100% of Rofin-Baasel Singapore Pte. Ltd., 100% of Rofin-Baasel Espana S.L. ("RBE"), 100% of Rofin-Baasel Taiwan Ltd., 100% of Rofin-Baasel Korea Co., Ltd., and 100% of Rofin-Baasel Swiss AG.

Rofin Baasel UK Ltd. owns 100% of ES Technology Ltd. ("EST"). The financial statements of EST include the consolidated accounts of Laser Service Ltd.

The financial statements of PRC include the consolidated accounts of PRC Laser Europe N.V., Belgium.

RSL includes the consolidated accounts of its 88%-owned subsidiary, Rofin-Baasel Japan Corporation, its 100%-owned subsidiary, Rasant-Alcotec Beschichtungstechnik GmbH ("Rasant"), its 100%-owned subsidiary, Carl Baasel Lasertechnik GmbH & Co. KG ("CBL"), its 90%-owned subsidiary Optoskand AB ("Optoskand"), its 100%-owned subsidiary, CBL Verwaltungsgesellschaft GmbH, its 80%-owned subsidiary m2k-laser GmbH ("m2k"), and its 80%-owned subsidiary Rofin-Baasel China Co., Ltd.

CBL includes the consolidated accounts of its wholly-owned subsidiaries, Rofin-Baasel, Inc., Wegmann-Baasel Laser und elektrooptische Geraete GmbH, and PMB Elektronik GmbH, and its 85%-owned subsidiary H2B Photonics GmbH.

Dilas includes the consolidated accounts of its 95%-owned subsidiary Dilas Diodelaser China Company Ltd.

All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Acquisitions and Formation of New Entities

The Company uses the purchase method of accounting for its acquisitions with the respective results of operations included in the consolidated results from the date of acquisition.

- Effective October 1, 2005, the Company formed DILAS Diode Laser Inc. in Tucson, Arizona, as a wholly-owned subsidiary of the Company's wholly-owned subsidiary, Rofin-Sinar Inc.

- Effective December 2, 2005, the Company purchased an additional 4% of the share capital of Rofin-Sinar U.K. Ltd. through Rofin-Sinar Technologies Europe S.L. under an option agreement between the Company and the former minority shareholders. This purchase resulted in goodwill of $0.5 million.

- Effective May 1, 2006, the Company formed Rofin-Baasel Canada Ltd. in, Mississauga (Canada) as a wholly-owned subsidiary of the Company's wholly-owned subsidiary, Rofin-Sinar Inc.

- Effective December 2, 2006, the Company purchased an additional 1% of the share capital of Rofin-Sinar U.K. Ltd. through Rofin-Sinar Technologies Europe S.L. under an option agreement between the Company and the former minority shareholders. The Company currently holds 81% of the share capital of Rofin-Sinar U.K. Ltd. This purchase resulted in goodwill of approximately $0.2 million.

- Effective February 28, 2007, the Company acquired 80% of the common stock of m2k-laser GmbH, Freiburg (Germany), through its wholly-owned subsidiary RSL. m2k-laser GmbH develops and manufactures semiconductor lasers based on the III-V compounds GaAs and GaSb for use predominantly in the scientific industry. Additionally, the parties have agreed on a put/call option exercisable beginning in 2012 for the remaining 20% of the common stock. Accordingly, the Company's financial statements present m2k-laser GmbH as if it was 100%-owned. This purchase resulted in goodwill of approximately $0.6 million.

- 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 fiber-coupled diode laser systems, continuous-wave and ultra short pulse mode-locked fiber laser systems, and components such as diode lasers for a wide range of material processing applications. The terms of the purchase include payment of deferred purchase price based on Corelase Oy achieving certain long-term financial targets. This purchase resulted in goodwill of approximately $6.9 million.

- Effective April 05, 2007, the Company acquired 100% of the common stock of ES Technology Ltd., Oxford (UK), through its wholly-owned subsidiary Rofin-Baasel UK Ltd. ES Technology Ltd. develops customized laser marking system solutions based on various laser technologies and distributes a number of optical devices and components into Northern European territories from several American suppliers via its subsidiary, Laser Service (Oxford) Ltd. This purchase resulted in goodwill of approximately $0.7 million.

- Effective May 14, 2007, the company purchased an additional 45% of the share capital of H2B Photonics GmbH, Garbsen (Germany) through its wholly-owned subsidiary CBL. The Company currently holds 85% of the share capital of H2B Photonics GmbH. This purchase resulted in goodwill of approximately $0.1 million.

- Effective December 3, 2007, the Company purchased the remaining 19% of the share capital of Rofin-Sinar U.K. Ltd. through Rofin-Sinar Technologies Europe S.L. under an option agreement between the Company and the former minority shareholders. The Company now holds 100% of the share capital of Rofin-Sinar U.K. Ltd. This purchase resulted in goodwill of $5.6 million.

- Effective January 24, 2008, the Company acquired Nufern, one of the world's largest independent manufacturers of specialty fibers and fiber laser modules serving a wide range of industries, as a wholly-owned subsidiary of Rofin-Sinar Technologies Inc. This purchase resulted in goodwill of $6.6 million. The acquisition of Nufern is accounted for as a purchase business combination. Assets acquired and liabilities assumed are recorded in the accompanying condensed consolidated balance sheet at their estimated fair values at January 24, 2008. The

Company is in the process of finalizing its valuation of the identified intangible assets related to this acquisition. To the extent the final valuation is different from the Company's preliminary assessment of fair value, a purchase price adjustment will be made, which could impact the amount of goodwill recorded. Nufern was purchased for cash. In connection with, and as part of the consideration for, the acquisition, the Company agreed to make additional payments to the former Nufern stockholders contingent upon Nufern achieving specific financial performance metrics through calendar year 2008. On November 14, 2008, the Company and the former stockholders entered into an agreement pursuant to which the Company agreed to pay the former Nufern stockholders an aggregate of $5.0 million in full satisfaction of its obligation to make the earn-out payment.

- During the quarter ended June 30, 2008, the Company formed Dilas Diodelaser China Company Ltd. in Nanjing (China) through its 95%-owned subsidiary Dilas Diodenlaser GmbH.

- During the quarter ended June 30, 2008, the Company formed Nanjing Eastern Technologies Company Ltd. in Nanjing (China) as an 80%-owned subsidiary.

- Effective July 1, 2008, the Company formed Rofin-Baasel Swiss AG in Biel (Switzerland) as a wholly-owned subsidiary through its wholly-owned subsidiary Rofin-Sinar Technologies Europe S.L.

- The Company is in the process of finalizing the acquisition of 80% of China-based Nanjing Eastern Laser Company Ltd. (NELC) through two separate cash transactions. NELC's product lines are largely comprised of high power, fast-axial flow CO_2 lasers, with a power range up to 3 kW as well as NC-based laser processing equipment

- On March 23, 2006, the Company acquired 40% of the share capital of H2B Photonics GmbH, Garbsen (Germany) through its wholly-owned subsidiary Carl Baasel Lasertechnik GmbH & Co. KG. H2B Photonics GmbH specializes in the development, manufacturing and sales of laser-based systems used to cut brittle materials, such as glass, to produce perfectly cut edges. Since the purchase of the additional 45% of the share capital of H2B Photonics GmbH in May 2007, the Company uses the purchase method of accounting for this acquisition.

None of these acquisitions were material for the purpose of proforma presentation.

(c) Cash Equivalents and Investments

Cash equivalents consist of financial instruments that are readily convertible into cash and have original maturities of three months or less at the time of acquisition.

Short-term investments, at September 30, 2007, include auction rate securities. Auction rate securities 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.

Although these securities are issued and rated as long-term securities, they are priced and traded as short-term instruments because of the liquidity provided through the interest rate reset.

"Purchases of short-term investments" and "Sales of short-term investments", included in the accompanying consolidated statements of cash flows, have been included to reflect the purchases and sales of auction rate securities during the years presented.

Through auctions completed at various times during the first and second quarters of fiscal year 2008, the Company reduced its holdings of auction rate securities to approximately $11.6 million at September 30, 2008. All such auctions resulted in sales, for cash, at par value. At September 30, 2008, the Company held five individual auction rate securities, four of which the Company unsuccessfully attempted to resell in failed auctions since February 2008. 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 used a discounted cash

flow model to determine the fair market value of these investments at September 30, 2008. 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. However, since the Company believes it will take longer than a year for these investments to become liquid, they have been classified as long-term assets on the consolidated balance sheet and no gain or loss has been recognized.

Interest income on cash equivalents and term investments was $5,291, $6,892, and $3,998 for the years ended September 30, 2008, 2007, and 2006, respectively, and was offset by interest expense of $2,330, $1,864, and $1,410, respectively, in the accompanying consolidated statements of operations.

(d) 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.

The Company writes down inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

(e) Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives, except for leasehold improvements, which are amortized over the lesser of their estimated useful lives or the term of the lease. The methods of depreciation are straight line for financial reporting purposes and accelerated for income tax purposes. Depreciable lives for financial reporting purposes are as follows:

	Useful Lives
Buildings	40 Years
Technical machinery and equipment	3-10 Years
Furniture and fixtures	3-10 Years
Computers and software	3-4 Years
Leasehold improvements	Lesser of term of lease or 15 Years

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(f) Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price over the fair value of the assets acquired in connection with the Company's acquisitions.

Goodwill is required to be tested on an annual basis for potential impairment at the reporting unit level. A reporting unit is defined as the lowest level of an entity that is a business and that can be distinguished, physically and operationally and for internal reporting purposes, from other activities, operations, and assets of the entity. A reporting unit can be no higher than a reportable operating segment and would generally be lower than that level of reporting. The Company manages its business under geographic regions that are aggregated together as one segment in the global industrial laser industry.

In testing for impairment, the fair value of the reporting unit, that is determined based on market data, is compared to its carrying amount. If the carrying value is below the fair value assessment, there will be no impairment loss. If the fair value is below the carrying value, then the Company is required to perform an additional test to determine the impaired fair value of the goodwill and its carrying amount.

The Company performed its annual goodwill impairment testing as of September 30th and determined that the fair value of each reporting unit exceeds its carrying value and accordingly, the second step of the impairment test was not required to be performed.

(g) Revenue Recognition and Accounts Receivable Valuation

Revenue is recognized when persuasive evidence of an arrangement exists, the product has been delivered, the price is fixed or determinable and collection is probable. Terms under these arrangements are generally free on board ("FOB") shipping point, or ex works factory ("EXW"), at which time legal title passes from the Company to the customer. Therefore, delivery is generally considered to have occurred upon shipment. In certain circumstances customers may negotiate different terms. In these situations, delivery is considered to have occurred once legal title has passed from the Company to the customer. This may be at delivery to the customer's destination or acceptance by the Company's customer.

Sales to end-user customers and resellers typically do not have customer acceptance provisions and only certain of the original equipment manufacturer (OEM) customer sales have customer acceptance provisions. Customer acceptance is generally limited to performance under published product specifications. For the few product sales that have customer acceptance provisions because of higher than published specifications, (1) the products are tested and accepted by the customer at a Company site or by the customer's acceptance of the results of a testing program prior to shipment to the customer, or (2) the revenue is deferred until customer acceptance occurs. The Company records adjustments to revenue based on volume discounts to certain OEM customers.

The vast majority of our sales are made to OEMs, resellers, and end-users in the industrial market. Sales made to OEMs and resellers in the industrial market do not require installation of the products by the Company, as installation is performed by the customer and are not subject to other post-delivery obligations. For end-users, where the Company has agreed to perform installation or provide training, the Company defers revenue related to installation services until installation is completed. The Company defers revenue on training services until these services are provided.

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.

(h) Income and other Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss tax carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates that apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. 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 adopted FIN 48 at the beginning of fiscal year 2008.

In June 2006, the FASB ratified EITF No.06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)". EITF 06-3 applies to any tax assessed by a governmental authority that is directly imposed on a revenue producing transaction between a seller and a customer. EITF 06-3 allows companies to present taxes either gross within revenue and expense or net. If taxes subject to this issue are significant, a company is required to disclose its accounting policy for presenting taxes and the amount of such taxes that are recognized on a gross basis. EITF 06-3 was required to be adopted during the first quarter of fiscal year 2008. The adoption of EITF 06-3 has had no impact on the Company's consolidated results of operations and financial condition.

(i) Accounting for Warranties

The Company issues a standard warranty of one to two years for parts and labor on lasers that are sold. Additionally, extended warranties are negotiated on a contract-by-contract basis. The Company provides for estimated warranty costs as products are shipped.

The Company's estimate of costs to fulfill its warranty obligations is based on historical experience and expectation of future conditions. To the extent the Company experiences increased warranty claim activity or increased costs associated with servicing those claims, revisions to the estimated warranty liability would be required.

(j) Foreign Currency Translation

The assets and liabilities of the Company's operations outside the United States are translated into U.S. dollars at exchange rates in effect on the balance sheet date, and revenues and expenses are translated using a weighted average exchange rate during the period. Gains or losses resulting from the translation of foreign currency financial statements are recorded as a separate component of stockholders' equity. Gains or losses resulting from foreign currency transactions are included in net income.

(k) Earnings per Share (EPS)

Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution from common stock equivalents (stock options).

(l) Comprehensive Income

Comprehensive income consists of net income, foreign currency translation adjustments, minimum pension liability, and fair value of interest rate swap agreements, and is presented in the consolidated statements of stockholders' equity and comprehensive income. Accumulated other comprehensive income is comprised of the following:

	September 30,	
	2008	2007
Foreign currency translation adjustment	$ 37,388	$ 42,214
Defined benefit pension plan (net of taxes effect of $323 in 2008 and $366 in 2007)	814	(769)
Fair value of interest swap agreements (net of tax effect of $59 in 2008 and $176 in 2007)	156	303
Total accumulated other comprehensive income	$ 38,358	$ 41,748

(m) Research and Development Expenses

Research and development costs are expensed when incurred and are net of German government and European grants of $1,276, $2,339, and $1,193 received for the years ended September 30, 2008, 2007, and 2006, respectively. The Company has no future obligations under such grants.

(n) Financial Instruments

The fair value of financial instruments, consisting principally of cash, short-term investments, accounts receivable, accounts payable, and line of credits, approximate carrying value due to the short-term nature of

such instruments. The fair value of long-term debt approximates the carrying value due to the variable based interest on such debt. The fair values of interest rate swap agreements were estimated by discounting expected cash flows using market interest rates over the remaining term of the instrument.

(o) Derivative Financial Instruments

The Company uses derivative financial instruments to manage funding costs and exposures arising from fluctuations in interest rates. These derivative financial instruments consist primarily of interest rate swaps. The Company does not use derivative financial instruments for trading purposes.

Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Certain Hedging Activities" and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activity, an Amendment of SFAS 133" require that all derivative instruments be recorded on the balance sheet as either an asset or liability measured at their respective fair values and that changes in the derivative instruments' fair value be recognized in earnings. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of the variability of cash flows to be paid related to a recognized liability ("cash flow" hedge). Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income, until earnings are affected by the variability in cash flows of the designated hedged item.

Interest rate swap agreements designated as hedges of the Company's financial liabilities are recorded in the consolidated balance sheet at fair value. Adjustments to the fair value of the derivative asset or liability are recorded as an adjustment to other comprehensive income.

From time to time, 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 sales transactions denominated in foreign currencies. At September 30, 2008, the Company held Japanese yen forward exchange options with notional amounts of Euro 0.7 million, Japanese yen forward exchange options with notional amount of $0.2 million, and Euro forward exchange options with notional amount of Euro 0.7 million.

(p) Operating Leases

The Company leases facilities under operating leases. Building lease agreements generally include rent escalation clauses. Most of the Company's lease agreements include renewal periods at the Company's option. The Company recognizes scheduled rent increases on a straight-line basis over the lease term beginning with the date the Company takes possession of the leased space.

(q) Use of Estimates

Management of the Company makes a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and the reporting of revenues and expenses, to prepare these financial statements in conformity with generally accepted U.S. accounting principles. Significant items subject to such estimates and assumptions include the valuation allowance for receivables, inventory valuation, warranty liabilities, and assets and obligations related to employee benefits. Actual results could differ from these estimates.

(r) Stock Incentive Plans

Effective October 1, 2005, the Company adopted SFAS No. 123(R), "Share-Based Payment" ("SFAS No. 123(R)"), which revised SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be measured at fair value and expensed in the consolidated statement of operations over the service period (generally the vesting period) of the grant. Upon adoption, the Company transitioned to SFAS No. 123(R) using the modified prospective application, under which compensation expense is only recognized in the consolidated statements of operations beginning with the first period that SFAS No. 123(R) is effective and continuing to be expensed thereafter.

(s) Shipping and Handling Costs

The Company accounts for shipping and handling fees and costs in accordance with Emerging Issues Task Force ("EITF") Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs". In accordance with EITF No. 00-10, revenue from shipping and handling fees is reflected in net sales and shipping and handling costs are reflected in cost of sales.

(t) Stock Split

On November 7, 2007, the Board of Directors approved a 2-for-1 stock split. The stock split was in the form of a dividend of one share of Common Stock on each outstanding share and the distribution date was December 5, 2007, for shareholders of record as of November 22, 2007. All share and per share amounts disclosed in the Consolidated Balance Sheet and Statement of Operations and Notes to the Consolidated Financial Statements have been adjusted to reflect the 2-for-1 stock split.

(u) New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements", ("SFAS 157"). SFAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. The changes to current practice resulting from the application of this Statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. SFAS 157 will be effective beginning in the Company's first quarter of fiscal year 2009. We do not believe that the adoption of the provisions of SFAS 157 will materially impact our consolidated financial position and results of operations.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial instruments and certain other opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently. The Statement is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the requirements of SFAS 159 on its consolidated financial position and results of operations.

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141 (Revised 2007), "Business Combinations". SFAS 141(R) retains the fundamental requirements of the original pronouncement requiring that the purchase method be used for all business combinations. SFAS 141(R) 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, SFAS 141(R) requires expensing of acquisition-related and restructure-related costs, remeasurement of earn out provisions at fair value, measurement of equity securities issued for purchase at the date of close of the transaction and non-expensing of in-process research and development related intangibles. SFAS 141(R) is effective for the Company's business combinations for which the acquisition date is on or after October 1, 2009. The Company is currently evaluating the impact of the implementation of SFAS No. 141(R) on its consolidated financial position and results of operations.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51". This Statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. It requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. This Statement establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation. SFAS No. 160 is effective for the Company's fiscal year beginning October 1, 2009. The Company is currently evaluating the impact of the implementation of SFAS 160 on its consolidated financial position, results of operations and cash flows.

In February 2008, the FASB issued FASB Staff Position ("FSP") No. FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13". FSP 157-1 amends SFAS 157 to exclude from its scope SFAS 13, "Accounting for Leases", and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under SFAS 13.

In February 2008, the FASB issued FSP No. 157-2, "Effective Date of FASB Statement No. 157", which defers the effective date of SFAS 157 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), to the Company's first quarter of fiscal year 2010.

In March 2008, the FASB released SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities". SFAS 161 requires additional disclosures related to the use of derivative instruments, the accounting for derivatives and the financial statement impact of derivatives. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The Company is currently assessing the impact the adoption of SFAS 161 will have on the Company's consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"), 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 (GAAP) in the United States (the GAAP hierarchy). SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles". The Company does not expect the adoption of SFAS 162 to have a material effect on its consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position 142-3, “Determination of the Useful Life of Intangible Assets” (“FSP No. FAS 142-3”), which amends the list of factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS No. 142, “Goodwill and Other 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 FSP No. FAS 142-3, 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. FSP No. FAS 142-3 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. The Company is in the process of evaluating the impact that the adoption of FSP No. FAS 142-3 may have on its financial statements and related disclosures.

In June 2008, the FASB issued FASB Staff Position (“FSP”) No. EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transaction Are Participating Securities”. FSP No. EITF 03-6-1 requires that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. This statement is 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 with its provisions. The Company is currently evaluating the impact, if any, that the adoption of FSP EITF 03-6-1 will have on its consolidated financial statements.

2. INVENTORIES

Inventories are summarized as follows:

	September 30,	
	2008	2007
Finished goods	$ 23,844	$ 19,630
Work in progress	31,224	33,043
Raw materials and supplies	53,857	43,103
Demo inventory	16,868	15,170
Service parts	27,474	24,860
Total inventories	$153,267	$135,806

3. PROPERTY AND EQUIPMENT

Property and equipment include the following:

	September 30,	
	2008	2007
Buildings	$ 35,283	$ 33,766
Technical machinery and equipment	33,088	27,385
Construction in progress	3,083	1,487
Furniture and fixtures	19,981	17,405
Computers and software	8,395	8,357
Leasehold improvements	13,721	7,179
Total property and equipment, at cost	$ 113,551	$ 95,579

4. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the years ended September 30, 2008, and 2007, are as follows:

	Germany	United States	Other	Total
Balance as of September 30, 2006	$ 40,371	$ 9,880	$ 14,365	$ 64,616
Additional goodwill from acquisitions	773	--	7,829	8,602
Currency exchange difference	4,426	338	1,632	6,396
Balance as of September 30, 2007	$ 45,570	$ 10,218	$ 23,826	$ 79,614
Additional goodwill from acquisitions	--	6,611	5,144	11,755
Currency exchange difference	449	33	(96)	386
Balance as of September 30, 2008	$ 46,019	$ 16,862	$ 28,874	$ 91,755

The carrying values of other intangible assets are as follows:

	September 30, 2008		September 30, 2007	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Patents	$ 9,821	$ 4,417	$ 8,468	$ 3,723
Customer base	14,846	13,688	14,756	12,334
Other	17,229	12,348	11,780	7,565
Total	$ 41,896	$ 30,453	$ 35,004	$ 23,622

Patents are amortized over the life of the patent which ranges from 1 to 20 years. Customer base is amortized on a straight-line basis over seven years. Amortization expense for the years ended September 30, 2008, 2007, and 2006, was $6,769, $4,251, $3,532, respectively. At September 30, 2008, estimated amortization expense for the next five fiscal years based on the average exchange rates as of September 30, 2008, are as follows:

2009	$ 3,800
2010	1,500
2011	1,300
2012	1,200
2013	1,200

5. ACCRUED LIABILITIES

Accrued liabilities are comprised of the following:

	September 30,	
	2008	2007
Employee compensation	$ 23,211	$ 20,611
Warranty reserves	12,337	12,269
Other taxes payable	198	252
Customer deposits	10,649	12,933
Other	17,032	15,808
Total accrued liabilities	$ 63,427	$ 61,873

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 expectation of future conditions. The change in warranty reserves for the years ended September 30, 2008, and 2007, is as follows:

Balance at September 30, 2006	$ 11,754
Additional accruals for warranties during the period	5,323
Usage during the period	(5,983)
Currency translation	1,175
Balance at September 30, 2007	$ 12,269
Additional accruals for warranties during the period	2,718
Usage during the period	(2,725)
Currency translation	75
Balance at September 30, 2008	$ 12,337

6. LINES OF CREDIT

The Company maintains a $25,000 annually renewable line of credit with Deutsche Bank AG to support its working capital needs. As of September 30, 2008 and 2007, $3,199 and $8,693, respectively, were outstanding under this loan facility as a result of borrowings by Rofin-Baasel Japan Corporation, Rofin-Baasel Italiana S.r.l., and Carl Baasel Lasertechnik GmbH & Co. KG (in 2007 only), at an average fixed interest rate of 2.8% for fiscal year 2008 and 3.1% for fiscal year 2007.

Additionally, the Company has outstanding short-term debt with Deutsche Bank AG and Bayerische Hypo und Vereinsbank AG of $40,000, which was used to finance the stock buyback plan. The Company is not subject to financial convenants on this short-term debt.

In addition, the Company's non-U.S. subsidiaries have several lines of credit, which allow them to borrow in the applicable local currency. At September 30, 2008 and 2007, direct borrowings under these agreements totaled $11,507 and $19,259, respectively. The remaining unused portion of the lines of credit at September 30, 2008, was $77,996, in aggregate. Fixed interest rates vary from 1.3% to 3.8%, depending upon the country and usage of the available credit.

The Company has entered into interest rate swap agreements for a total notional amount of Euro 4,000 (equivalent to $5,734 based on the exchange rate at September 30, 2008) to minimize exposure to fluctuation of interest rates on short-term variable rate debt.

7. LONG-TERM DEBT

Carl Baasel Lasertechnik GmbH & Co. KG maintains additional long-term credit facilities of $7,167, which expire in 2013. Rofin–Baasel Korea, Co, Ltd., maintains additional long-term credit facilities of $266 which expire in 2013. Corelase Oy maintains long-term credit facilities of $850 which expire in 2010, $667 which expire in 2011, $645 which expire in 2012, $115 which expire in 2014, and $2,258 which expire in 2015. As of September 30, 2008, $11,968 was borrowed under such facilities at an average interest rate of 5.9%. As of September 30, 2007, $12,639 was borrowed under such facilities at an average interest rate of 5.2%.

The Company is subject to financial covenants under these credit facilities and lines of credit, which could restrict the Company from drawing money under them. At September 30, 2008, the Company was in compliance with these covenants.

8. COMMITMENTS

The Company leases operating facilities and equipment under operating leases, which expire at various dates through 2017 (see note 12). The lease agreements require payment of real estate taxes, insurance and maintenance expenses by the Company.

Minimum lease payments for future fiscal years under non-cancelable operating leases as of September 30, 2008, are:

Fiscal year ending September 30,	Total
2009	$ 7,872
2010	6,463
2011	4,330
2012	2,943
2013	1,890
2014 and thereafter	9,784

Rent expense charged to operations for the years ended September 30, 2008, 2007, and 2006, approximated $8,452, $7,432, and $6,652, respectively.

Purchase obligations for payments due under various types of agreements to purchase raw materials and other goods as of September 30, 2008 are:

Less than 1 Year	92,458
1 – 3 Years	24,432
3 -5 Years	2

9. INCOME TAXES

Significant components of the income tax provision are as follows:

	Years ended September 30,		
	2008	2007	2006
Current:			
United States	$ 2,784	$ 3,063	$ 5,212
Foreign	30,859	31,450	25,909
Total current	33,643	34,513	31,121
Deferred:			
United States	(350)	(807)	(2,018)
Foreign	173	(1,868)	(2,062)
Total deferred	(177)	(2,675)	(4,080)
Total income tax expense	$ 33,466	$ 31,838	$ 27,041

Income (loss) before income taxes is attributable to the following geographic regions:

	Years ended September 30,		
	2008	2007	2006
United States	$ (3,077)	$ 5,132	$ 12,989
Germany	87,377	68,587	51,137
France	1,112	852	402
Italy	2,846	2,119	1,707
Singapore	2,315	2,649	2,536
United Kingdom	5,776	3,809	3,373
Japan	203	223	565
Other	673	3,744	3,955
Total income before income taxes	$ 97,225	$ 87,115	$ 76,664

The difference between actual income tax expense and the amount computed by applying the U.S. federal income tax rate is as follows:

	Years ended September 30,		
	2008	2007	2006
U.S. federal statutory tax rate	35%	35%	35%
Computed "expected" tax expense	$ 34,029	$ 30,490	$ 26,833
Difference between U.S. and foreign statutory rates	(5,048)	2,117	1,398
Minority interest and other permanent differences	1,543	652	89
Adjustment of valuation allowance	(10)	(7)	(2,112)
Change in statutory tax rates	276	(415)	--
Other	2,676	(999)	833
Actual tax expense	$ 33,466	$ 31,838	$ 27,041

Total income taxes for the years ended September 30, 2008, 2007, and 2006, were allocated as follows:

	Years ended September 30,		
	2008	2007	2006
Income taxes from operations	$ 33,466	$ 31,838	$ 27,041
Stockholders' equity:			
Tax benefit applicable to the exercise of stock options	(567)	(174)	(323)
Tax (benefit) expense applicable to the additional minimum pension obligation	-	316	470
Tax benefit applicable to defined benefit pension plan	690	(353)	--
Tax expense applicable to the fair value of interest swap agreements	(118)	23	116
Total income tax	$ 33,471	$ 31,650	$ 27,304

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of net deferred income taxes are as follows:

	September 30,	
	2008	2007
Deferred income tax assets:		
Foreign		
Net operating loss carryforwards	$ 3,346	$ 2,150
Pension obligations	419	980
Inventories	4,311	4,182
Accounts payable	147	8
Other	318	322
Total Foreign	8,541	7,642
United States:		
Net operating loss carryforwards	18,760	119
Tax credits	1,922	--
Warranty reserve	653	474
Inventories	3,988	3,792
Allowance for doubtful accounts	380	276
Accrued liabilities	559	641
Pension obligations	287	362
Stock-based compensation expense	804	639
Other	133	62
Total United States	27,486	6,365
Gross deferred income tax assets	36,027	14,007
Less: Valuation allowance	(20,682)	(10)
Net deferred income tax assets	$ 15,345	$ 13,997
Deferred income tax liabilities:		
Foreign:		
Property and equipment	(1,691)	(1,620)
Intangibles	(1,489)	(1,490)
Other	(292)	(273)
Total Foreign	(3,472)	(3,383)
United States:		
Property & equipment	(488)	(407)
Intangibles	(352)	(859)
Non-US earnings	(710)	--
Total United States	(1,550)	(1,266)
Gross deferred income tax liabilities	(5,022)	(4,649)
Net deferred income tax assets	$ 10,323	$ 9,348

The total deferred income tax assets (liabilities) are included in the accompanying consolidated balance sheet as follows:

	September 30,	
	2008	2007
Deferred income tax assets – current	$ 11,419	$ 10,340
Deferred income tax assets – non current	4,796	3,291
Deferred income tax liabilities – current	(1,343)	(38)
Deferred income tax liabilities – non current	(4,549)	(4,245)
Net deferred income tax assets	$ 10,323	$ 9,348

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods, in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods, in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The Company had established a valuation allowance related to net operating loss carryforwards and tax credits at RB Inc. and Nufern due to uncertainty regarding their ability to generate future taxable income required to utilize these carryforwards and tax credits. The valuation allowance increased in fiscal year 2008 by $20.7 million due to the acquisition of Nufern.

At September 30, 2008, the Company has net operating tax loss carryforwards and tax credits available of $20.7 million in the United States (which start to expire in 2020), $0.6 million in Germany, and $10.8 million in other European countries (which start to expire in 2019).

We have accumulated undistributed earnings of foreign subsidiaries aggregating approximately $390 million at September 30, 2008. These earnings are expected to be indefinitely reinvested outside of the United States, except for approximately $35 million which will be repatriated during fiscal year ending September 30, 2009. If those earnings were distributed in the form of dividends or otherwise, we would be subject to federal income taxes (subject to an adjustment for foreign tax credits), state income taxes and withholding taxes payable to the various foreign countries. It is not currently practicable to estimate the tax liability that might be payable on the repatriation of these foreign earnings.

On October 1, 2007, the Company adopted the provisions of the Financial Accounting Standard Board ("FASB") Interpretation ("FIN") No. 48, Accounting for Uncertainty in Income Taxes. FIN No. 48 heightens the threshold for recognizing and measuring tax benefits and requires enterprises to make explicit disclosures about uncertainties in their income tax positions, including a detailed roll-forward of tax benefits taken that do not qualify for financial statement recognition. As a result of the implementation of Interpretation No. 48, the Company recorded a decrease of $0.9 million to reserves for income taxes, with a corresponding increase to retained earnings as of October 1, 2007. As of the date of adoption and after recognizing the impact of FIN 48, the Company's gross unrecognized tax benefits totaled $0.2 million.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as interest expense and SG&A, respectively. As of the date of adoption of FIN 48, an amount of interest and penalties included in the $0.2 million of unrecognized tax benefits noted above is approximately $0.1 million.

Consistent with the provisions of FIN 48, the Company classified the unrecognized tax benefit as non-current because payment is not anticipated within one year of the balance sheet date.

During fiscal 2008, the Company increased the unrecognized tax benefit by $0.5 million. The increase was due to tax developments primarily related to US operation, which impacted the Company’s valuation of uncertain tax positions.

As of September 30, 2008, the Company's gross unrecognized tax benefits totaled $0.7 million, which includes approximately $0.1 million of interest and penalties. Approximately $0.6 million of unrecognized tax benefits would impact the effective tax rate, if recognized. The Company estimates that the unrecognized tax benefits will not change significantly within the next year.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits, excluding the related accrual for interest, is as follows:

	September 30, 2008
Unrecognized tax benefit –Opening Balance	$ 242
Increases in tax positions for prior years	434
Increases in tax positions for current years	--
Settlements with taxing authorities	--
Unrecognized Tax Benefit – ending Balance	$ 676

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 exception, the Company is no longer subject to examination by the United States Internal Revenue Service for years through 2004. 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.

10. EMPLOYEE BENEFIT PLANS

The Company has defined benefit pension plans for the RSL and RS Inc. employees. The Company's U.S. plan began in fiscal year 1995 and is funded. Any new employees hired after January 1, 2005, are not eligible for the RSI pension plan. As is the normal practice with German companies, the German pension plan is unfunded. Any new employees, hired after the acquisition of CBL, are not eligible for the RSL pension plan. The measurement date of the Company's pension plans is September 30.

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 uses 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.

The following table sets forth the funded status of the plans at the balance sheet dates:

	September 30,	
	2008	2007
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 18,463	$ 16,496
Service cost	814	769
Interest cost	1,036	835
Actuarial (gains) losses	(3,515)	(636)
Amortization of unrecognized gains/losses	--	(114)
Foreign exchange rate changes	133	1,365
Benefits paid	(289)	(252)
Projected benefit obligation at end of year	16,642	18,463
Change in plan assets:		
Fair value of plan assets at beginning of year	4,945	4,021
Actual return on plan assets	(813)	562
Employer contributions	350	450
Benefits paid	(115)	(88)
Fair value of plan assets at end of year	4,367	4,945
Funded status at end of year	$ (12,275)*	$ (13,518)
Amounts recognized in the consolidated balance sheet		
Accrued benefit liability	$ (12,275)	$ (13,518)
Accumulated other comprehensive loss	(1,136)	1,136
Net amount recognized	$ (13,411)	$(12,382)

The accumulated benefit obligation for defined benefit pension plans was $15,148 and $16,537 at September 30, 2008 and 2007, respectively.

	September 30,	
	2008	2007
Information for pension plans with an accumulated benefit obligation in excess of plan assets		
Projected benefit obligation	16,642	18,463
Accumulated benefit obligation	15,148	16,537
Fair value of plan assets	4,367	4,945
Components of Net Periodic Benefit Cost and Other Amounts Recognized in Other Comprehensive Income		
Net Periodic Benefit Cost		
Service Cost	$ 814	$ 769
Interest Cost	1,036	835
Expected return on plan assets	(424)	(324)
Amortization of prior service costs	--	--
Net periodic benefit cost	$ 1,426	$ 1,280
Other changes in plan assets and benefit obligations recognized in other comprehensive income		
Net loss (gain)	(2,278)	1,136
Amortization of prior service cost	--	--
Total recognized in other comprehensive income	$ (2,278)	$ 1,136
Total recognized in net periodic benefit cost and other comprehensive income	$ (852)	$ 2,416

* $226 relate to expected payments in the following twelve months and were therefore reclassified to "accrued liabilities" in the consolidated balance sheet as of September 30, 2008.

The assumptions used in the valuation of the plan are as follows:

	September 30,	
	2008	2007
Discount rate:		
United States	7.5%	6.0%
Foreign	6.4%	5.4%
Expected return on plan assets – United States only	8.0%	8.5%
Rate of compensation increase		
United States	3.0%	3.0%
Foreign	3.0%	2.0%

SFAS 158 was effective for the Company for the year ended September 30, 2007. This Statement requires the recognition of an entity's over (under)funded status of defined benefit plans in the statement of financial position. This Statement also requires recognition in other comprehensive income of certain gains and losses that arise during the period but are deferred under current pension accounting rules. On September 30, 2007, the Company recognized the net underfunded status of its defined benefit pension plans in the Consolidated Balance Sheet. The incremental effect of adopting SFAS No. 158 on the Company's financial statements at September 30, 2007, decreased accumulated other comprehensive income by approximately $769 net of tax.

RS Inc. had a minimum required contribution to its defined pension plans of approximately $0.4 million for the fiscal 2008 plan year, which it made in fiscal year 2009. The Company has not determined whether it will make additional voluntary contributions for this plan.

Expected benefit payments for each of the next five fiscal years and for the five years aggregated thereafter is as follows: $387 in 2009, $654 in 2010, $689 in 2011, $785 in 2012, $794 in 2013, and $5,165 thereafter.

The Company's pension plan allocations at September 30, 2008 and 2007, by asset category are as follows:

	2008		2007	
	Dollar Value	Percentage	Dollar Value	Percentage
Money Market Funds	$ 779	18 %	$ 662	13 %
Stocks	2,747	63 %	3,407	69 %
Government Securities	841	19 %	876	18 %
Total plan assets	$ 4,367	100 %	$ 4,945	100 %

The Company employs a total return investment approach whereby a mix of stocks and government securities are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by maximizing investment returns within that prudent level of risk. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks as well as growth, value, and small and large capitalizations. Additionally, cash balances are maintained at levels adequate to meet near-term plan expenses and benefit payments. Investment risk is measured and monitored on an ongoing basis through semi-annual investment portfolio reviews.

RS Inc., RB Inc., PRC, Lee Laser, Rofin-Baasel Canada Ltd., and Dilas Diodelaser Inc. have 401(k) plans for the benefit of all eligible U.S. employees, as defined by the plan. Participating employees may contribute up to 16% of their qualified annual compensation. Those subsidiaries match 50% of the first 5 to 6% of the employees' compensation contributed as a salary deferral. Company contributions for the years ended September 30, 2008, 2007, and 2006, were $559, $527, and $374, respectively.

11. EARNINGS PER COMMON SHARE

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

	Years ended September 30,		
	2008	2007	2006
Weighted number of shares for basic earnings per common share	29,639,876	30,975,364	30,567,634
Potential additional shares due to outstanding dilutive stock options	806,444	831,090	806,150
Weighted number of shares for diluted earnings per common share	30,446,319	31,806,454	31,373,784

12. RELATED PARTY TRANSACTIONS

The Company had sales to its minority shareholder in Japan amounting to $1,292, $1,303, and $1,755 in fiscal years 2008, 2007, and 2006, respectively. As of September 30, 2008 and 2007, the accounts receivable with the minority shareholder in Japan amounted to $684 and $553, respectively.

The remaining accounts receivable to related party of $28, at September 30, 2008, are with the minority shareholder in Sweden.

The Company maintains other accounts payable to related party in China amounting $24.

The Company has accrued $345 at September 30, 2008, for the option to purchase the remaining minority interests in m2k and $64 was accrued for accumulated interest on these obligations as of September 30, 2008. In fiscal 2008, the Company purchased material amounting to $465 from the minority shareholder of m2k.

The main facility in Starnberg is rented under a 25-year operating lease from the former minority shareholder of CBL, Mr. Baasel, who is also a member of the Board of Directors of the Company, and includes a clause to terminate the lease upon two-year notice. The Company paid expenses, mainly for rental expense of $957, $707, and $644, to Mr. Baasel during fiscal years 2008, 2007, and 2006, respectively.

The Company has accrued $143 and $142 at September 30, 2008 and 2007, for the option to purchase the remaining minority interests in Optoskand AB and $151 and $103 were accrued to accumulated interest on this obligation as of September 30, 2008 and 2007. In addition, the Company has accrued $704 and $521 at September 30, 2008 and 2007, respectively, based on an earn-out agreement with the minority shareholder of Optoskand. These amounts are included in accounts payable to related party in the accompanying consolidated balance sheet.

13. GEOGRAPHIC INFORMATION

The Company manages its business under geographic regions that are aggregated together as one segment in the global industrial laser industry. Sales from these regions have similar long-term financial performance and economic characteristics. The products from these regions utilize similar manufacturing processes and use similar production equipment, which may be interchanged from group to group. The Company distributes, sells and services final product to the same type of customers from all regions.

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

ASSETS	September 30,	
	2008	2007
North America	$ 199,423	$ 248,912
Germany	402,813	391,081
Other	207,885	187,991
Intercompany eliminations	(226,461)	(201,760)
Total assets	$ 583,660	$ 626,224

LONG-LIVED ASSETS

	September 30,	
	2008	2007
North America	$ 14,603	$ 7,339
Germany	34,263	29,479
Other	7,399	7,121
Intercompany eliminations	(39)	(96)
Total long-lived assets	$ 56,226	$ 43,843

REVENUES - TOTAL BUSINESS

	Years ended September 30,		
	2008	2007	2006
North America	$ 146,828	$ 117,405	$ 130,374
Germany	463,725	382,415	313,576
Other	181,556	161,881	140,561
Intercompany eliminations	(216,831)	(182,026)	(163,621)
	$ 575,278	$ 479,675	$ 420,890

INTERCOMPANY REVENUES

	Years ended September 30,		
	2008	2007	2006
North America	$ 4,795	$ 4,800	$ 3,874
Germany	171,084	143,199	125,944
Other	40,952	34,027	33,803
Intercompany eliminations	(216,831)	(182,026)	(163,621)
	$ --	$ --	$ --

EXTERNAL REVENUES

	Years ended September 30,		
	2008	2007	2006
North America	$ 142,033	$ 112,605	$ 126,500
Germany	292,640	239,216	187,632
Other	140,605	127,854	106,758
	$ 575,278	$ 479,675	$ 420,890

INCOME BEFORE INCOME TAXES

	Years ended September 30,		
	2008	2007	2006
North America	$ (3,077)	$ 5,132	$ 12,947
Germany	87,376	68,586	51,137
Other	12,926	13,397	12,580
	$ 97,225	$ 87,115	$ 76,664

14. ENTERPRISE WIDE INFORMATION

The Company derives 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:

Product Category	September 30, 2008	2007	2006
		(in thousands)	
Laser macro products	$ 238,518	$ 205,772	$ 172,959
Laser marking and micro products	279,123	231,920	213,632
Components	57,637	41,983	34,299
	$ 575,278	$ 479,675	$ 420,890

15. SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

The following represents the Company's quarterly results (millions of dollars, except per share amounts):

	Quarters ended			
	Dec. 31, 2007	March 31, 2008	June 30, 2008	Sept. 30, 2008
Net sales	$134.7	$136.6	$ 149.7	$ 154.3
Gross profit	58.7	60.7	62.9	65.8
Net income	16.9	10.8	16.1	20.0
Earnings per share – Basic	0.55	0.36	0.55	0.69
Earnings per share – Diluted	0.53	0.35	0.54	0.68

	Quarters ended			
	Dec. 31, 2006	March 31, 2007	June 30, 2007	Sept. 30, 2007
Net sales	$111.7	$116.1	$ 121.4	$ 130.5
Gross profit	45.9	49.2	51.7	56.4
Net income	11.5	13.1	14.3	16.4
Earnings per share – Basic	0.37	0.42	0.46	0.53
Earnings per share – Diluted	0.36	0.41	0.45	0.51

16. TREASURY STOCK

On November 7, 2007, the Board of Directors had approved a 2-for-1 stock split and a stock buyback plan. The stock split was in the form of a dividend of one share of common stock on each outstanding share and the distribution date was December 5, 2007, for shareholders of record as of November 22, 2007. The buyback program authorized the repurchase of up to $120 million of the Company's common stock, or approximately 10% of the shares of common stock then outstanding based on then current market prices. The share buyback program was authorized to begin November 15, 2007. The shares were repurchased from time to time in open market transactions or privately negotiated transactions at the Company's discretion, including the quantity, timing and price thereof. As of June 30, 2008, the Company had bought approximately 2.8 million shares of common stock, at an average price of $42.41, under the stock buyback program for a total amount of $120.0 million.

All share and per share amounts disclosed in the Condensed Consolidated Balance Sheet and Statement of Operations and Notes to the Condensed Consolidated Financial Statements have been adjusted to reflect the 2-for-1 stock split.

17. STOCK INCENTIVE PLANS

Effective March 15, 2008, the stockholders approved the Rofin-Sinar Technologies Inc. 2007 Incentive Stock Plan ("the 2007 Incentive Plan"). The 2007 Incentive Plan supersedes the Rofin-Sinar Technologies Inc. 1996 Non-Employee Directors' Stock Plan and the Rofin-Sinar Technologies Inc 2002 Equity Incentive Plan. Under the 2007 Incentive Plan, the Company has reserved 1,600,000 shares of common stock to provide for the grant of options to purchase Common Stock ("options"), grants of shares of Common Stock ("stock grants"), stock units, and stock appreciation rights ("SARs") to certain eligible employees and to outside directors. During fiscal year 2008, outside directors each received 3,000 shares of common stock and 321,250 non-qualified stock options were granted to officers and other key employees. The terms of these issuances are the same as those described below.

Directors' Plan

The Company had reserved 100,000 shares of common stock for the Directors' Plan, which covered non-employee members of the Board of Directors. Under this plan each member of the Board of Directors who was not an employee of the Company and who was elected or continued as a member of the Board of Directors was entitled to receive an initial grant of 1,500 shares of common stock and thereafter an annual grant of 1,500 shares of common stock. The Directors' Plan also provided that non-employee directors aged 65 or older, upon their appointment or election to the Board of Directors, will receive, in lieu of such initial and annual grants of shares of common stock, 7,500 shares of restricted stock which shall vest in five equal installments on the date of grant and each of the following four anniversaries thereof. Prior to vesting, no shares of restricted stock may be sold, transferred, assigned, pledged, encumbered or otherwise disposed of, subject to certain exceptions. The Company records compensation expense based on the fair market value of the common stock, as determined by the closing price at the date of issuance. A total of 40,500 shares are issued and outstanding under the plan at September 30, 2006. On March 15, 2008, this Plan was superseded by the 2007 Incentive Plan, as discussed above.

Equity Incentive Plan

The Company also maintained an Equity Incentive Plan, whereby incentive and non-qualified stock options, restricted stock and performance shares were 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 Equity Incentive Plan continues through 2011. There were no incentive stock options, restricted stock or performance shares granted in fiscal years 2006, 2005, or 2004. Non-qualified stock options were granted to officers and other key employees in fiscal years 2006, 2005, and 2004. Options generally vest over five years and expire not later than ten years after the date on which they are granted. On March 15, 2008, this Plan was superseded by the 2007 Incentive Plan, as discussed above.

The fair value of our stock options was estimated based on the date of grant using the Black-Scholes option pricing model. The following assumptions were used in these calculations :

	September 30,		
	2008 Grants	2007 Grants	2006 Grants
Weighted average grant date fair value	$ 18.51	$ 28.50	$ 13.26
Expected life	5 Years	5 Years	5 Years
Volatility	48.1%	50.0%	50.0%
Risk-free interest rate	2.36%	4.47%	4.61%
Dividend yield	0%	0%	0%
Annual forfeiture rate	2%	4%	9%

For purposes of the Black Scholes model, 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 for the three year period ended September 30, 2008, are as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Millions)
Balance at September 30, 2005	2,579,200	$ 21 3/5	7.54	$ 21.1
Granted	584,500	$ 52 1/5		
Exercised	(499,100)	$ 14 7/8		
Forfeited	(29,200)	$ 13 5/8		
Balance at September 30, 2006	2,635,400	$ 29 3/4	7.41	$ 40.9
Granted	600,000	$ 57		
Exercised	(370,200)	$ 20		
Forfeited	(41,200)	$ 28		
Balance at September 30, 2007	2,824,000	$ 36 6/7	7.22	$ 47.1
Granted	321,250	$ 40 1/5		
Exercised	(572,600)	$ 9		
Forfeited	(5,350)	$ 26 2/5		
Balance at September 30, 2008	2,567,300	$ 23 2/9	7.13	$ 19.0
Exercisable at September 30, 2008	1,026,900	$ 17	6.05	$ 14.0

As of September 30, 2008, there was $16.7 million of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of 3.29 years. The total fair value of shares vested during the years ended September 30, 2008, 2007, and 2006, was $5.3 million, $3.9 million, and $2.7 million respectively.

	Years ended September 30,		
	2008	2007	2006
Total intrinsic value of stock options exercised	$19.0	$ 8.4	$ 8.6

Cash received from stock option exercises for the years ended September 30, 2008, 2007, and 2006, was $5.2 million, $3.7 million, and $3.7 million, respectively.

SCHEDULE II

ROFIN-SINAR TECHNOLOGIES INC. AND SUBSIDIARIES
Valuation and Qualifying Accounts - Allowance for Doubtful Accounts
Years ended September 30, 2008, 2007, and 2006
(dollars in thousands)

	Balance at Beginning of Period	Acquired Reserve	Charged to Costs and Expenses	Additions (Deductions)	Balance at End of Period
September 30, 2006	$ 2,398	$ --	$ 642	$ (384)	$ 2,656
September 30, 2007	$ 2,656	$ 6	$ 1,582	$ (1,038)	$ 3,206
September 30, 2008	$ 3,206	$ 43	$ 730	$ (332)	$ 3,647

INDEX TO EXHIBITS

Exhibit No.	Exhibit
21.1	List of Subsidiaries of the Registrant
23.1	Consent of KPMG, LLP Independent Registered Public Accounting Firm
23.2	Consent of Deloitte & Touche, LLP Independent Registered Public Accounting Firm,
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 1356 Certification of Chief Financial Officer

EXHIBIT 21.1

LIST OF SUBSIDIARIES AND INVESTMENTS OF ROFIN-SINAR TECHNOLOGIES INC.

Name	State or Other Jurisdiction of Incorporation
Rofin-Sinar, Inc.	Delaware, USA
PRC Laser Corporation	Delaware, USA
PRC Laser Europe N.V.	Belgium
Lee Laser, Inc.	Delaware, USA
Nufern	East Granby, USA
Rofin-Sinar Technologies Europe S.L.	Spain
Rofin-Sinar Laser GmbH	Germany
Rofin-Baasel Japan Corp.	Japan
Rasant-Alcotec Beschichtungstechnik GmbH	Germany
CBL Verwaltungsgesellschaft mbH	Germany
Carl Baasel Lasertechnik GmbH & Co. KG	Germany
Rofin-Baasel, Inc.	Massachusetts, USA
Wegmann-Baasel Laser und elektrooptische Geraete GmbH	Germany
Optoskand AB	Sweden
PMB Elektronik GmbH	Germany
Rofin-Baasel Italiana S.r.l.	Italy
Rofin-Baasel France S.A.	France
Rofin-Sinar UK Ltd.	United Kingdom
Rofin-Baasel UK Ltd.	United Kingdom
Rofin-Baasel Benelux B.V.	The Netherlands
Rofin-Baasel Singapore PTE Ltd.	Singapore
Rofin-Baasel Espana S.L.	Spain
DILAS Diodenlaser GmbH	Germany
Rofin-Baasel Taiwan Ltd.	Taiwan
Rofin-Baasel Korea Co., Ltd.	Korea
Rofin-Baasel China Co., Ltd.	China
Rofin-Baasel Canada Ltd.	Canada
DILAS Diodelaser Inc.	Delaware, USA
H2B Photonics GmbH	Germany
m2k-laser GmbH	Germany
Corelase Oy	Finland
ES Technology Ltd.	United Kingdom
Dilas Diodelaser China Company Ltd.	China
Nanjing Eastern Technologies Company Ltd.	China
Rofin-Baasel Swiss AG	Switzerland

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Rofin-Sinar Technologies Inc. and Subsidiaries:

We consent to the incorporation by reference in the registration statements (Nos. 333-13075 and 333-103145) on Form S-8 of our report dated December 12, 2006, with respect to the consolidated statements of operations, stockholders' equity and comprehensive income, cash flows and the financial statement schedule of Rofin-Sinar Technologies Inc. and subsidiaries for the fiscal year ended September 30, 2006.

/s/ KPMG LLP
Detroit, Michigan
November 28, 2008

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-13075 and 333-103145 on Form S-8 of our report dated November 28, 2008 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*), to the consolidated financial statements and financial statement schedule of Rofin-Sinar Technologies, Inc. and management's report on the effectiveness of internal control over financial reporting, appearing in this Annual Report on Form 10-K of Rofin-Sinar Technologies Inc. for the year ended September 30, 2008.

/s/ Deloitte & Touche LLP
Detroit, Michigan
November 28, 2008

EXHIBIT 31.1

Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer

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

1. I have reviewed this Annual Report on Form 10-K of Rofin-Sinar Technologies Inc.

2. Based on my knowledge, this Annual 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 report.

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual Report.

4. The Registrant's other certifying officer(s) 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

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

5. The Registrant's other certifying officer 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 (or persons performing the equivalent functions):

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

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

Date: November 28, 2008

/s/ Günther Braun
Günther Braun
Chief Executive Officer

EXHIBIT 31.2

Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer

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

1. I have reviewed this Annual Report on Form 10-K of Rofin-Sinar Technologies Inc.

2. Based on my knowledge, this Annual 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 report.

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual Report.

4. The Registrant's other certifying officer(s) 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

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

5. The Registrant's other certifying officer 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 (or persons performing the equivalent functions):

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

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

Date: November 28, 2008

/s/ Ingrid Mittelstaedt
Ingrid Mittelstaedt
Chief Financial Officer

EXHIBIT 32.1

Section 1350 Certification of the Chief Executive Officer

In connection with the Annual Report of Rofin-Sinar Technologies Inc. (the "Company") on Form 10-K for the year ended September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Günther Braun, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) 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.

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Date: November 28, 2008

/s/ Günther Braun
Günther Braun
Chief Executive Officer

EXHIBIT 32.2

Section 1350 Certification of the Chief Financial Officer

In connection with the Annual Report of Rofin-Sinar Technologies Inc. (the "Company") on Form 10-K for the year ended September 30, 2008, 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. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) 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.

Date: November 28, 2008

/s/ Ingrid Mittelstaedt
Ingrid Mittelstaedt
Chief Financial Officer