

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended 10/31/03 or

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 1-8266

DATARAM CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey 22-1831409

(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

P.O. Box 7528, Princeton, NJ 08543

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (609) 799-0071

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date. Common Stock (\$1.00 par value): As of December 9, 2003, there were 8,497,219 shares outstanding.

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dataram Corporation and Subsidiaries
Consolidated Balance Sheets
October 31, 2003 and April 30, 2003
(Unaudited)

October 31, 2003 April 30, 2003

Assets
Current Assets:

Cash and cash equivalents	\$ 4,257,906	\$ 2,500,497
Trade receivables, less allowance for doubtful accounts and sales returns of \$320,000	5,611,176	6,292,059
Inventories	2,406,913	2,854,860
Income tax receivable	50,000	3,137,983
Deferred income taxes	822,202	723,000
Other current assets	380,845	110,720
Total current assets	<u>13,529,042</u>	<u>15,619,119</u>
Property and equipment, at cost:		
Land (held for sale)	875,000	875,000
Machinery and equipment	12,049,522	12,576,271
	<u>12,924,522</u>	<u>13,451,271</u>
Less: accumulated depreciation and amortization	9,179,225	8,887,181
Net property and equipment	<u>3,745,297</u>	<u>4,564,090</u>
Other assets	50,011	24,126
	<u>\$ 17,324,350</u>	<u>\$ 20,207,335</u>

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	\$ 2,693,894	\$ 3,207,446
Accrued liabilities	600,531	2,978,258
Total current liabilities	<u>3,294,425</u>	<u>6,185,704</u>

Stockholders' Equity:

Common stock, par value \$1.00 per share.

Authorized 54,000,000 shares; issued and
outstanding 8,497,219 at October 31, 2003

8,497,219 at April 30, 2003	8,497,219	8,497,219
Additional paid in capital	4,593,851	4,593,851
Retained earnings	938,855	930,561

Total stockholders' equity 14,029,925 14,021,631

\$ 17,324,350 \$ 20,207,335

See accompanying notes to consolidated financial statements.

<TABLE>

Dataram Corporation and Subsidiaries
Consolidated Statements of Earnings
Three and Six Months Ended October 31, 2003 and 2002

(Unaudited)

	2003		2002	
	2nd Quarter	Six Months	2nd Quarter	Six Months
<S>	<C>	<C>	<C>	<C>
Revenues	\$ 12,637,855	\$ 24,904,651	\$ 13,970,422	\$ 28,251,500
Costs and expenses:				
Cost of sales	9,632,303	18,450,052	9,770,315	20,509,833
Engineering and development	312,943	645,684	400,293	781,501
Selling, general and administrative	2,878,533	5,858,413	4,269,290	8,806,290
Restructuring charges	0	0	0	740,000
	<u>12,823,779</u>	<u>24,954,149</u>	<u>14,439,898</u>	<u>30,837,624</u>

Loss from operations	(185,924)	(49,498)	(469,476)	(2,586,124)
Interest income (expense), net	6,727	8,206	(9,945)	(53,821)
Currency gain	163	8,584	0	0
Other income (expense), net	1,408	41,002	0	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income (loss) before income taxes	(177,626)	8,294	(479,421)	(2,639,945)
Income tax provision (benefit)	(15,000)	0	(226,000)	(564,000)
Net income (loss)	<u>\$ (162,626)</u>	<u>\$ 8,294</u>	<u>\$ (253,421)</u>	<u>\$ (2,075,945)</u>

Net earnings (loss) per share of common stock				
Basic	\$ (.02)	\$.00	\$ (.03)	\$ (.24)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Diluted	\$ (.02)	\$.00	\$ (.03)	\$ (.24)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Weighted average number of common shares outstanding				
Basic	8,497,219	8,497,219	8,504,191	8,493,665
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Diluted	8,497,219	8,709,443	8,504,191	8,493,665
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See accompanying notes to consolidated financial statements.

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Dataram Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Six Months Ended October 31, 2003 and 2002
(Unaudited)

2003 2002

Cash flows from operating activities:

Net income (loss)	\$ 8,294	\$ (2,075,945)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	893,267	2,004,002
Bad debt expense	4,095	78,237
Changes in assets and liabilities:		
Decrease in trade receivables	676,788	4,517,581
Decrease in inventories	447,947	2,034,726
Increase in other current assets	(270,125)	(301,844)
Decrease(increase)in income tax receivable	3,087,983	(30,000)
Increase in other assets	(25,885)	(35,000)
Decrease in accounts payable	(513,552)	(4,080,677)
Decrease in accrued liabilities	(2,377,727)	(89,074)
(Increase) decrease in deferred income taxes	(99,202)	75,000

Net cash provided by operating activities	<u>1,831,883</u>	<u>2,097,006</u>
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Cash flows from investing activities:

Additions to property and equipment	(92,649)	(254,275)
Proceeds from sale of property and equipment	18,175	0

Net cash used in investing activities	<u>(74,474)</u>	<u>(254,275)</u>
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Cash flows from financing activities:

Payments under revolving credit line	0	(3,300,000)
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Proceeds from sale of common shares under stock option plan, (including tax benefits)	0	403,375
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Purchase and subsequent cancellation of common stock	0	(396,240)
Net cash used in financing activities	<u>0</u>	<u>(3,292,865)</u>
Effect of foreign currency translation on cash and cash equivalents	0	385,357
Net increase (decrease) in cash and cash equivalents	1,757,409	(1,064,777)
Cash and cash equivalents at beginning of period	2,500,497	3,656,150
Cash and cash equivalents at end of period	<u>\$ 4,257,906</u>	<u>\$ 2,591,373</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 15,716	\$ 74,821
Income taxes	\$ 2,250	\$ 64,000

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
October 31, 2003 and 2002
(Unaudited)

Basis of Presentation

The information for the three and six months ended October 31, 2003 and 2002, is unaudited but includes all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to state fairly the financial information set forth therein in accordance with accounting principles generally accepted in the United States of America. The interim results are not necessarily indicative of results to be expected for the full fiscal year. These financial statements should be read in conjunction with the audited financial statements for the year ended April 30, 2003 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Comprehensive Income (loss)

Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("SFAS No. 130") requires that items defined as other comprehensive income, such as unrealized investment gains and losses, be separately classified in the consolidated financial statements and that the accumulated balance of other comprehensive income (loss) be reported separately from retained earnings and additional paid in capital in the equity section of the consolidated balance sheet. Comprehensive income (loss) for the three and six months ended October 31, 2003 was the same as the reported net income (loss). Comprehensive loss for the three and six months ended October 31, 2002 was (\$248,000) and (\$1,691,000) respectively.

Earnings Per Common Share

Basic earnings per share is computed by dividing the net income (loss) available to common stockholders by the weighted average number of shares of common stock issued and outstanding during the periods. For purposes of calculating diluted loss per share for the second quarter ended October 31, 2003, the denominator excludes the number of dilutive common stock equivalents as their affect would be anti-dilutive. For the purpose of calculating diluted income per share for the six months ended October 31, 2003 the denominator includes both the weighted average number of shares of common stock outstanding and the number of dilutive common stock equivalents. The number of dilutive common stock equivalents includes the effect of non-qualified stock options calculated using the treasury stock method. For purposes of calculating diluted loss per share for the three and six months ended October

31, 2002, the denominator excludes the number of dilutive common stock equivalents as their affect would be anti-dilutive.

Stock Based Compensation

As permitted by SFAS No. 123, "Accounting for Stock Based Compensation", the Company accounts for stock-based compensation arrangements in accordance with provisions of Accounting Principles Board ("APB") Opinion No. 25 "Accounting for Stock Issued to Employees". Compensation expense for stock options issued to employees is based on the difference on the date of grant, between the fair value of the Company's stock and the exercise price of the option. No stock-based employee compensation cost is reflected in net income (loss), as all options granted under those plans had exercise prices equal to the market value of the underlying common stock at the date of grant.

In December 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002 and the interim disclosure provisions are effective for interim periods beginning after December 15, 2002. The Company continues to apply the intrinsic-value based method to account for stock options.

The following table illustrates the effect on net earnings (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock based compensation:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2003	2002	2003	2002
Net earnings (loss) as reported	\$ (162,626)	\$ (253,421)	\$ 8,294	\$ (2,075,945)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(217,445)	(104,895)	(366,591)	(359,276)
Pro forma net loss	\$ (380,071)	\$ (358,316)	\$ (358,297)	\$ (2,435,221)
Earnings (loss) per share:				
Basic - as reported	\$ (0.02)	\$ (0.03)	\$ 0.00	\$ (0.24)
Basic - pro forma	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.29)
Diluted - as reported	\$ (0.02)	\$ (0.03)	\$ 0.00	\$ (0.24)
Diluted - pro forma	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.29)

Restructuring charges

In fiscal 2003's first quarter, the Company initiated a restructuring of its operations. The Company recorded a restructuring charge of \$740,000 in the quarter ended July 31, 2002 which primarily related to severance payments. All

of the severance payments were paid during fiscal year 2003.

During the fourth quarter of fiscal 2003, the Company announced an additional restructuring of its operations. As part of this restructuring, the Company ceased production of memory for the PC market and closed its production facility in Aarhus, Denmark. As part of the restructuring, the Company entered into lease termination agreements totaling approximately \$1,000,000 which were paid in the first quarter of fiscal 2004. The Company also incurred severance payments obligations totaling approximately \$850,000. As of October 31, 2003, payments totalling approximately \$825,000 have been made and the balance of approximately \$25,000 was paid in the beginning of the Company's fiscal third quarter.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash, money market preferred stock and commercial paper with original maturities of three months or less.

Inventory valuation

Inventories are valued at the lower of cost or market, with costs determined by the first-in, first-out method. Inventories at October 31, 2003 and April 30, 2003 consist of the following categories:

	October 31, 2003	April 30, 2003
Raw material	\$ 966,000	\$ 1,972,000
Work in process	59,000	39,000
Finished goods	1,382,000	844,000
	<u>\$ 2,407,000</u>	<u>\$ 2,855,000</u>

Financial information by geographic location

The Company operates in one business segment and develops, manufactures and markets a variety of memory systems for use with network servers and workstations which are manufactured by various companies. The Company manufactures all of its products in the United States and its sales to foreign countries are export sales. Revenues for the three and six month periods ended October 31, 2003 and 2002 by geographic region is as follows:

	Three months ended October 31, 2003	Six months ended October 31,
2003		
United States	\$ 8,416,000	\$ 16,431,000
Europe	2,636,000	5,385,000
Other (principally Asia Pacific Region)	1,586,000	3,089,000
Consolidated	<u>\$ 12,638,000</u>	<u>\$ 24,905,000</u>

	Three months ended October 31, 2002	Six months ended October 31, 2002
United States	\$ 7,978,000	\$ 17,055,000
Europe	3,865,000	7,815,000
Other (principally Asia Pacific Region)	2,127,000	3,381,000
Consolidated	<u>\$ 13,970,000</u>	<u>\$ 28,251,000</u>

Long-lived assets which consist of property and equipment, and total assets by geographic region as of October 31, 2003 is as follows:

	October 31, 2003	
	Long-lived assets	Total assets
United States	\$ 3,552,000	\$ 16,292,000
Europe	193,000	1,018,000
Other	0	14,000
Consolidated	\$ 3,745,000	\$ 17,324,000

Significant New Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company does not expect FIN 46 to have a material effect on its consolidated financial statements.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash and cash equivalents in financial institutions and brokerage accounts. To the extent that such deposits exceed the maximum insurance levels, they are uninsured. The Company performs ongoing evaluations of its customers' financial condition, as well as general economic conditions and, generally, requires no collateral from its customers.

Use of estimates

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

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities and Exchange Act of 1934, as amended. Actual results could differ materially from those projected in the forward looking statements and are subject to certain risks including, without limitation, risks arising

from: changes in the price of memory chips, changes in the demand for memory systems for workstations and servers, increased competition in the memory systems industry, order cancellations, delays in developing and commercializing new products and other factors described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission which can be reviewed at <http://www.sec.gov>.

Liquidity and Capital Resources

The Company's cash and working capital position remain strong. As of October 31, 2003, cash and equivalents amounted to \$4.3 million and working capital amounted to \$10.2 million, reflecting a current ratio of 4.1 compared to cash and equivalents of \$2.5 million and working capital of \$9.4 million and a current ratio of 2.5 as of April 30, 2003.

On June 15, 1999 the Company announced an open market repurchase plan providing for the repurchase of up to 500,000 shares of the Company's common stock. On December 4, 2002, the Company announced a second plan providing for the repurchase of up to an additional 500,000 shares. As of October 31, 2003, the total number of shares authorized for purchase under the program is 535,150 shares. The Company did not purchase any shares during the first six months of Fiscal 2004.

As a result of the restructuring initiated in April 2003, the Company entered into lease termination agreements totaling approximately \$1 million and had severance obligations totaling approximately \$850,000 as of April 30, 2003. The lease termination obligations were paid in the first quarter of fiscal 2004. Approximately \$825,000 of the severance obligations were paid by October 31, 2003. The balance of approximately \$25,000 was paid in the beginning of the Company's fiscal third quarter.

Management believes that the Company's operating cash flows will be sufficient to meet short term liquidity needs as the Company does not expect any unforeseen demands beyond general operating requirements. Management further believes that its working capital together with internally generated funds from its operations are adequate to finance the Company's long term operating needs and future capital requirements.

On July 29, 2002, the Company entered into an agreement to sell its undeveloped land for a price of \$3.0 million. The agreement provides for closing to occur no later than 30 months from the date of the contract. Additionally, the agreement is subject to certain contingencies and as such may be terminated prior to closing. The land is carried at cost on the Company's balance sheet at a value of \$875,000 and is shown as an asset held for sale. The resulting gain on the sale will be recorded upon consummation of the transaction and when all contingencies have been satisfied.

Future minimum lease payments under noncancellable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2003 are as follows:

	Operating leases
Year ending April 30:	_____
2004	\$ 552,000
2005	572,000
2006	486,000
2007	48,000
Thereafter	0
Total minimum lease payments	\$ 1,658,000

The Company has no other material commitments.

Results of Operations

Revenues for the three month period ending October 31, 2003 were \$12,638,000 compared to revenues of \$13,970,000 for the comparable prior year period. Fiscal 2004 six month revenues totaled \$24,905,000 versus six month revenues of \$28,252,000 in the prior year. Volume measured as gigabytes shipped increased by 6% for the second quarter of fiscal 2004 compared to the same prior year quarter. Average selling price per gigabyte declined by approximately 15% in fiscal 2004's second quarter compared to the prior year period. The decrease in average selling price was the result of product mix. Fiscal 2004 second quarter sales to OEM customers was approximately 19% of overall revenues as compared to approximately 14% in the prior year second quarter. OEM business is usually higher volume business with lower average selling prices. Six month volume decreased 7% in fiscal 2004 as compared to the same prior year period. Average selling price for the first six months of fiscal 2004 decreased by approximately 5% compared to the same prior year period.

Revenues for the three and six month periods ended October 31, 2003 and 2002 by geographic region is as follows:

	Three months ended October 31, 2003	Six months ended October 31, 2003
	-----	-----
United States	\$ 8,416,000	\$ 16,431,000
Europe	2,636,000	5,385,000
Other (principally Asia Pacific Region)	1,586,000	3,089,000
	-----	-----
Consolidated	\$ 12,638,000	\$ 24,905,000
	=====	=====
	Three months ended October 31, 2002	Six months ended October 31, 2002
	-----	-----
United States	\$ 7,978,000	\$ 17,055,000
Europe	3,865,000	7,815,000
Other (principally Asia Pacific Region)	2,127,000	3,381,000
	-----	-----
Consolidated	\$ 13,970,000	\$ 28,251,000
	=====	=====

Cost of sales for the second quarter and six months were 76% and 74% of revenues, respectively, versus 70% and 73% for the same respective prior year periods. Cost of sales as a percentage of revenues for the second quarter was impacted by a rapid rise in the price of certain DRAMs, the primary raw material in the Company's products. The price rise resulted in an increase in cost of sales in the second quarter by approximately 2% from what it would otherwise have been, as selling prices for certain orders were locked in before raw materials could be obtained. The balance of the change is primarily attributable to product mix. Shipments to OEM customers, which generally carry lower gross margins constituted a higher percentage of overall revenues in the second quarter and six months of fiscal 2004 compared to the same prior year periods.

Engineering and development costs in fiscal 2004's second quarter and six months were \$313,000 and \$646,000, respectively, versus \$400,000 and \$782,000 for the same respective prior year periods. The decrease in expense is primarily attributable to the reduced number of employees as a result of restructurings implemented in the prior fiscal year. The Company intends to maintain its commitment to the timely introduction of new memory products as new computers are introduced.

Selling, general and administrative costs in fiscal 2004's second quarter and six months decreased to 23% and 24% of revenues, respectively versus 31% for the same prior year periods. Second quarter and six month total expenses decreased by \$1,390,000 and \$2,948,000 from the comparable prior year periods. The reduction of total expenses is primarily the result of the aforementioned restructurings.

Other income (expense), net for the second quarter and six months totaled

\$8,000 and \$57,000, respectively, for fiscal 2004 and (\$10,000) and (\$54,000) for the same respective periods in fiscal 2003. Other income in fiscal 2004's second quarter consisted primarily of interest income. Other income in fiscal 2004's six months consisted of interest income and a gain on sale of assets of approximately \$49,000. Fiscal 2003's three and six months other income (expense), net consisted of interest expense of (\$18,000) and (\$75,000) partially offset by interest income of \$8,000 and \$21,000. The Company had no interest expense in the first quarter and six months of fiscal 2004 as it had no debt.

Income tax provision (benefit) for fiscal 2004's second quarter and six months was (\$15,000) and nil versus (\$226,000) and (\$564,000) benefit in the comparable prior year periods. Fiscal 2004's income tax provision (benefit) is a provision for state tax only as the Company has a net operating loss carry forward of approximately \$16.0 million which can be used to offset future taxable income for federal income tax.

Critical Accounting Policies

During December 2001, the Securities and Exchange Commission ("SEC") published a Commission Statement in the form of Financial Reporting Release No. 60 which encouraged that all registrants discuss their most "critical accounting policies" in management's discussion and analysis of financial condition and results of operations. The SEC has defined critical accounting policies as those that are both important to the portrayal of a company's financial condition and results, and that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. While the Company's significant accounting policies are summarized in Note 1 to the consolidated financial statements included in the Company's Form 10-K for the fiscal year ended April 30, 2003, the Company believes the following accounting policies to be critical:

Revenue Recognition-Revenue is recognized upon shipment of goods to customers. The Company's revenue earning activities involve delivering or producing goods, and revenues are considered to be earned when the Company has completed the process by which it is entitled to such revenues. The following criteria are used for revenue recognition: persuasive evidence of an arrangement exists, delivery has occurred, selling price is fixed or determinable and collection is reasonably assured. Estimated warranty costs are accrued by management upon product shipment based on an estimate of future warranty claims.

Income Taxes-The Company utilizes the asset and liability method of accounting for income taxes in accordance with the provisions of SFAS No. 109, "Accounting for Income Taxes". Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that the tax rate changes.

Use of Estimates- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including deferred tax asset valuation allowances and certain other reserves and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Some of the more significant estimates made by management include the allowance for doubtful accounts and sales returns, the deferred tax asset valuation allowance and other operating allowances and accruals. Actual results could differ from those estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company does not invest in market risk sensitive instruments. The Company's investments during the past fiscal year have consisted of overnight deposits with banks. The Company's rate of return on its investment portfolio changes with short-term interest rates, although such changes will not effect the value of its portfolio. The Company's objectives in connection with its investment strategy is to maintain the security of its cash reserves without taking market risk with principal.

The Company purchases and sells primarily in U.S. dollars. The Company sells in foreign currency (primarily Euros) to a limited number of customers and as such incurs some foreign currency risk. At any given time, approximately 15 to 20 percent of the Company's accounts receivable are denominated in currencies other than U.S. dollars. At present, the Company does not purchase forward contracts as hedging instruments, but may do so as circumstances warrant.

ITEM 4. CONTROLS AND PROCEDURES

During the period covered by this interim report, the Company's chief executive officer and its chief financial officer have evaluated the effectiveness of the Company's disclosure controls and procedures and have determined that they are adequate to insure a fair presentation, in all material respects, of the financial position, results of operations and statements of cash flows of the Company and there have been no material changes to such controls and procedures.

PART II: OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

31(a) Certification of Robert V. Tarantino.

31(b) Certification of Mark E. Maddocks

32(a) Section 906 Certification of Robert V. Tarantino (furnished not filed)

32(b) Section 906 Certification of Mark E. Maddocks (furnished not filed)

B. Reports on Form 8-K

Report filed on November 20, 2003 regarding Company's operating results for the Second Quarter, Fiscal Year 2004.

Signatures

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

DATARAM CORPORATION

MARK E. MADDOCKS

Date: December 9, 2003

By: _____

Mark E. Maddocks
Vice President, Finance
(Principal Financial Officer)

Exhibit 31(a)

CERTIFICATION

I, Robert V. Tarantino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dataram Corporation;

2. Based on my knowledge, this 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 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 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 and 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(s) 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 the 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.

ROBERT V. TARANTINO

Date: December 9, 2003

Robert V. Tarantino, President
and Chief Executive Officer

Exhibit 31(b)

CERTIFICATION

I, Mark E. Maddocks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dataram Corporation;

2. Based on my knowledge, this 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 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 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 and 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(s) 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 the 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.

MARK E. MADDOCKS

Date: December 9, 2003 _____

Mark E. Maddocks
Vice President, Finance and
Chief Financial Officer

Exhibit 32(a)

Section 906 Certification
of
Robert V. Tarantino

I certify that the Quarterly Report of Dataram Corporation with which this Certification is furnished fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and that the information contained in the periodic report fully presents, in all material respects, the financial condition and results of operations of Dataram Corporation.

December 9, 2003

ROBERT V. TARANTINO

Robert V. Tarantino
President and
Chief Executive Officer

Exhibit 32(b)

Section 906 Certification
of
Mark E. Maddocks

I certify that the Quarterly Report of Dataram Corporation with which this Certification is furnished fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and that the information contained in the periodic report fully presents, in all material respects, the financial condition and results of operations of Dataram Corporation.

December 9, 2003

MARK E. MADDOCKS

Mark E. Maddocks
Vice President, Finance and
Chief Financial Officer