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

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2009

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 incorporation or organization) (I.R.S. Employer Identification No.)

P.O. Box 7528, Princeton, NJ 08543

(Address of principal executive offices) (Zip Code)

(609) 799-0071

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definitions of "accelerated filer and large accelerated filer" in Rule 12b of the Exchange Act. (Check One):

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ]
Smaller reporting company [X]

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock ($1.00 par value): As of September 10, 2009, there were 8,869,184 shares outstanding.

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Dataram Corporation and Subsidiaries
Consolidated Balance Sheets
July 31, 2009 and April 30, 2009
(Unaudited)

	July 31, 2009	April 30, 2009
Assets		
Current Assets:		
Cash and cash equivalents	$ 7,272,379	$ 12,525,008
Accounts receivable, less allowance for doubtful accounts and sales returns of $290,000 at July 31, 2009 and April 30, 2009	5,069,590	3,381,271
Inventories	4,485,174	2,200,364
Deferred income taxes	303,099	300,099
Other current assets	254,320	126,074
Total current assets	17,384,562	18,532,816
Deferred income taxes	3,891,850	3,282,450
Property and equipment, at cost:		
Machinery and equipment	11,853,875	11,761,056
Leasehold improvements	2,276,408	2,224,502
	14,130,283	13,985,558
Less: accumulated depreciation and amortization	13,004,740	12,886,072
Net property and equipment	1,125,543	1,099,486
Other assets	125,659	135,706
Intangible assets, net of accumulated amortization	1,340,232	1,504,308
	$ 23,867,846	$ 24,554,766
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,726,600	$ 1,385,311
Accrued liabilities	1,498,778	1,688,933
Total current liabilities	3,225,378	3,074,244
Accrued liabilities	381,000	381,000
Total liabilities	3,606,378	3,455,244
Stockholders' Equity:		
Common stock, par value $1.00 per share. Authorized 54,000,000 shares; issued and outstanding 8,869,184 at July 31, 2009 and April 30, 2009	8,869,184	8,869,184
Additional paid-in capital	7,162,251	7,022,316
Retained earnings	4,230,033	5,208,022
Total stockholders' equity	20,261,468	21,099,522
	$ 23,867,846	$ 24,554,766

See accompanying notes to consolidated financial statements.

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Dataram Corporation and Subsidiaries
Consolidated Statements of Operations
Three Months Ended July 31, 2009 and 2008
(Unaudited)

	2009	2008
<S>	<C>	<C>
Revenues	$ 9,190,021	$ 7,563,076
Costs and expenses:		
Cost of sales	6,654,904	4,935,405
Engineering	253,188	331,856
Research and development	874,077	212,379
Selling, general and administrative	3,047,662	3,183,064
	10,829,831	8,662,704
Loss from operations	(1,639,810)	(1,099,628)
Other income:		
Interest income, net	10,150	110,698
Currency gain	23,671	285
Other expense	0	(1,912)
Total other income	33,821	109,071
Loss before income taxes	(1,605,989)	(990,557)
Income tax benefit	(628,000)	(385,000)
Net loss	$ (977,989)	$ (605,557)
Net loss per share of common stock		
Basic	$ (.11)	$ (.07)
Diluted	$ (.11)	$ (.07)

See accompanying notes to consolidated financial statements.
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Dataram Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Three Months Ended July 31, 2009 and 2008
(Unaudited)

	2009	2008
Cash flows from operating activities:		
Net loss	$ (977,989)	$ (605,557)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	282,744	81,000
Bad debt expense (recovery)	(27,605)	70,733
Stock-based compensation expense	155,535	125,693
Other stock option expense	0	121,300
Loss on sale of property and equipment	0	1,912
Deferred income tax benefit	(628,000)	(333,000)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,660,714)	187,339
Increase in inventories	(2,284,810)	(205,871)
Increase in other current assets	(128,246)	(259,013)
Decrease (increase) in other assets	10,047	(64,003)
Increase (decrease) in accounts payable	341,289	(313,015)
Increase (decrease) in accrued liabilities	(190,155)	178,072

Net cash used in operating activities	(5,107,904)	(1,014,410)
Cash flows from investing activities:		
Additions to property and equipment	(144,725)	(275,464)
Proceeds from sale of property and equipment	0	500
Net cash used in investing activities	(144,725)	(274,964)
Net decrease in cash and cash equivalents	(5,252,629)	(1,289,374)
Cash and cash equivalents at beginning of period	12,525,008	17,641,690
Cash and cash equivalents at end of period	$ 7,272,379	$16,352,316
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 0	$ 1,597
Income taxes	$ 0	$ 0

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiaries
Notes to Consolidated Financial Statements
July 31, 2009 and 2008
(Unaudited)

(1) Basis of Presentation

The information for the three months ended July 31, 2009 and 2008 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, 2009 included in the Company's 2009 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The April 30, 2009 balance sheet has been derived from these statements.

(2) Summary of Significant Accounting Policies

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.

Net Earnings (Loss) Per Share

Net earnings (loss) per share is presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share". Basic net earnings (loss) per share is computed by dividing the net earnings (loss) by the weighted average number of shares of common stock issued and outstanding during the period. The calculation of diluted loss per share for the quarters ended July 31, 2009 and July 31, 2008 includes only the weighted average number of common stock outstanding. The denominator excludes the dilutive effect of stock options outstanding as their effect would be anti-dilutive.

The following presents a reconciliation of the numerator and denominator used in computing Basic and Diluted net earnings (loss) per share for the first quarter of fiscal 2010 and 2009:

Three Months ended July 31, 2009

	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share - -net loss, weighted average common shares outstanding	$ (977,989)	8,869,184	$ (.11)
Effect of dilutive securities - -stock options	-	-	-
Diluted net loss per share - -net loss, weighted average common shares outstanding and effect of stock options	$ (977,989)	8,869,184	$ (.11)

Three Months ended July 31, 2008

	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share - -net loss, weighted average common shares outstanding	$ (605,557)	8,869,184	$ (.07)
Effect of dilutive securities - -stock options	-	-	-
Diluted net loss per share - -net loss, weighted average common shares outstanding and effect of stock options	$ (605,557)	8,869,184	$ (.07)

Diluted net loss per share does not include the effect of all options to purchase shares of common stock for the three months ended July 31, 2009 and 2008 because they are anti-dilutive.

Common Stock Repurchases

On December 4, 2002, the Company's Board of Directors authorized a stock repurchase plan pursuant to which the Company was authorized to repurchase a total of 500,000 shares of its common stock. During the three months ended July 31, 2009 and 2008, the Company did not repurchase any shares of its common stock. As of July 31, 2009, 172,196 shares remain available for repurchase under the plan. This repurchase program does not have an expiration date.

Stock Option Expense

a. Stock-Based Compensation

The Company has a 1992 incentive and non-statutory stock option plan for the purpose of permitting certain key employees to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. In general, the plan allowed granting of up to 2,850,000 shares, adjusted for stock splits, of the Company's common stock at an option price to be no less than the fair market value of the stock on the date such options are granted. Under option agreements granted under the plan, the holder of the option may purchase 20% of the common stock with respect to which the option has been granted on or after the first anniversary of the date of the grant and an additional 20% of such shares on or after each of the four succeeding anniversary dates. No further options may be granted under this plan.

The Company also has a 2001 incentive and non-statutory stock option plan for the purpose of permitting certain key employees to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. In general, the plan allows granting of up to 1,800,000 shares of the Company's common stock at an option price to be no less than the fair market value of the Company's common stock on the date such options are granted. Currently, options granted under the plan vest ratably on the annual anniversary date of the grants. Vesting periods for options currently granted under the plan range from one to five years.

The Company periodically grants nonqualified stock options to non-employee directors of the Company. These options are granted for the purpose of retaining the services of directors who are not employees of the Company and to provide additional incentive for such directors to work to further the best interests of the Company and its shareholders. The options granted to these non-employee directors are exercisable at a price representing the fair value at the date of grant, and expire either five or ten years after date of grant. Of each option, 100% are exercisable one year after the date of grant.

New shares of the Company's common stock are issued upon exercise of stock options.

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), "Share-Based Payment" (SFAS 123R). SFAS 123R addresses the accounting for transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. SFAS 123R requires that such transactions be accounted for using a fair value-based method. SFAS 123R requires companies to recognize an expense for compensation cost related to share-based payment arrangements, including stock options and employee stock purchase plans. The Company implemented SFAS 123R effective May 1, 2006.

As a result of adopting SFAS 123R, our consolidated statements of operations for fiscal 2010's and 2009's first quarter ended July 31, 2009 and 2008 includes approximately $156,000 and $126,000 of stock-based compensation expense, respectively. Stock-based compensation expense is recognized in the selling, general and administrative expenses line item of the accompanying consolidated statements of operations on a ratable basis over the vesting periods. These stock option grants have been classified as equity instruments, and as such, a corresponding increase, net of the reversal of the previously recorded income tax benefit for options which expired during the reporting period, has been reflected in additional paid-in capital in the accompanying balance sheet. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model.

A summary of option activity under the plans for the three months ended July 31, 2009is as follows:

	Shares	Weighted average exercise price	Weighted average remaining contractual life	Aggregate intrinsic value(1)
Balance April 30, 2009	1,257,675	$4.53	4.37	$ 4,000
Granted	-	-	-	-

Exercised	-	-	-	-
Expired	(87,600)	$5.36	-	-
Balance July 31, 2009	1,170,075	$4.47	4.27	$ 17,000
Exercisable July 31, 2009	893,575	$5.08	3.07	$ 17,000
Expected to vest July 31, 2009	1,156,075	$4.47	4.27	-

(1) This amount represents the difference between the exercise price and $1.45, the closing price of Dataram common stock on July 31, 2009 as reported on the NASDAQ Stock Market, for all in-the-money options outstanding and all the in-the-money shares exercisable.

Total cash received from the exercise of options in the quarter ended July 31, 2009 was nil. As of July 31, 2009, there was $382,000 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of approximately one year. At July 31, 2009, an aggregate of 880,827 shares were authorized for future grant under the Company's stock option plans. There were no stock options granted in fiscal 2010's first quarter ended July 31, 2009.

b. Other Stock Option Expense

During the three month period ended July 31, 2008, the Company granted options to purchase 50,000 shares of the Company's common stock to a privately held company in exchange for certain patents and other intellectual property. The options granted are exercisable at a price representing the fair value at the date of grant, are 100% exercisable on the date of grant and expire ten years after date of grant. The calculated fair value of these options was approximately $121,000 and was determined using the Black-Scholes option pricing model based upon the market price of the underlying common stock as of the date of grant, reduced by the present value of estimated future dividends, using an expected quarterly dividend rate of zero, a calculated volatility factor of 110% and risk-free interest rate of 4.0%. Such calculated fair value has been charged in its entirety to the research and development expense line item in the accompanying consolidated statement of operations for this grant as of July 31, 2008. These stock option grants have been classified as equity instruments, and as such, a corresponding increase of $121,000 has been reflected in additional paid-in capital in the accompanying consolidated balance sheets.

(2) Acquisition

On March 31, 2009, the Company acquired certain assets of Micro Memory Bank, Inc. (MMB), a privately held corporation. MMB is a manufacturer of legacy to advanced solutions in laptop, desktop and server memory products. The acquisition expands the Company's memory product offerings and routes to market. The Company purchased the assets from MMB for total consideration of approximately $2,253,000 of which approximately $912,000 was paid in cash. The Company also assumed certain accounts payable totaling approximately $190,000 and certain accrued liabilities totaling approximately $122,000. Under the terms of the agreement with MMB, the remaining portion of the purchase price is contingently payable based upon the performance of the new Dataram business unit to be operated as a result of the acquisition (the Unit) and consists of a percentage, averaging 65%, payable quarterly, over the next four years of earnings before interest, taxes, depreciation and amortization of the Unit. At July 31, 2009, the estimated remaining purchase price to be paid under the agreement is $1,016,000 and is recorded as an accrued liability (of which, $381,000 has been classified as long-term) in the Company's consolidated balance sheets. The net assets acquired by the Company were recorded at their respective fair values under the purchase method of accounting in accordance with the provisions of SFAS No. 141.

The total consideration of the acquisition has been allocated to the fair value of the assets of MMB as follows:

Accounts receivable	$ 478,000
Machinery and equipment	200,000
Deposits	16,000
Trade names	733,000
Customer relationships	758,000
Non-compete agreement	68,000
Gross assets acquired	2,253,000
Liabilities assumed	312,000
Net assets acquired	$ 1,941,000

The Company estimates that it has no significant residual value related to its intangible assets. Acquired intangibles generally are amortized on a straight-line basis over weighted average lives. Intangible assets amortization expense was approximately $164,000 for fiscal year 2010's first quarter and nil for fiscal 2009's first quarter. Intangible asset amortization is included in selling, general and administrative expense. The components of finite-lived intangible assets acquired during fiscal year 2009 are as follows:

	Weighted Average Life	Gross Carrying Amount July 31, 2009	April 30, 2009
Trade names	5 Years	$ 733,000	$ 733,000
Customer relationships	2 Years	758,000	758,000
Non-compete agreement	4 Years	68,000	68,000
Total gross carrying amount		$ 1,559,000	$ 1,559,000
Less accumulated amortization expense		219,000	55,000
Net intangible assets		$ 1,340,000	$ 1,504,000

The following table outlines the estimated future amortization expense related to intangible assets:

Year ending April 30:	
2010	$ 637,000
2011	407,000
2012	164,000
2013	162,000
2014	134,000
	$ 1,504,000

(3) Related Party Transactions

During the fiscal 2010's first quarter, the Company purchased inventories for resale totaling approximately $1,667,000 from Sheer Memory, LLC (Sheer Memory). Sheer Memory's owner is employed by the Company as the general manager of the acquired MMB business unit described in Note 2. When the Company acquired certain assets of MMB, it did not acquire any of its inventory. However, the Company informally agreed to purchase such inventory on an as needed basis, provided that the offering price was a fair market value price. The inventory acquired was purchased subsequent to the acquisition of MMB at varying times and consisted primarily of raw materials and finished goods used to produce products sold by the MMB business unit. Approximately $477,000 of accounts payable in the Company's consolidated balance sheet as of July 31, 2009 is payable to Sheer Memory. Sheer Memory offers the Company trade terms of Net 30 days and all invoices are settled in the normal course of business. No interest is paid. The Company has made further purchases from Sheer Memory subsequent to July 31, 2009 and management anticipates that the Company will continue to do so, although the Company has no obligation to do so.

(4) Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash and money market accounts.

(5) Accounts Receivable

Accounts receivable consists of the following categories:

	July 31, 2009	April 30, 2009
Trade receivables	$ 5,105,000	$ 3,599,000
VAT receivable	252,000	72,000
Other	3,000	0
Allowance for doubtful accounts and sales returns	(290,000)	(290,000)
	$ 5,070,000	$ 3,381,000

(6) Inventories

Inventories are valued at the lower of cost or market, with costs determined by the first-in, first-out method. Inventories at July 31, 2009 and April 30, 2009 consist of the following categories:

	July 31, 2009	April 30, 2009
Raw materials	$ 2,630,000	$ 1,344,000
Work in process	53,000	15,000
Finished goods	1,802,000	841,000
	$ 4,485,000	$ 2,200,000

(7) 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. Revenues for the three months ended July 31, 2009 and 2008 by geographic region are as follows:

	Three months ended July 31, 2009	Three months ended July 31, 2008
United States	$ 7,245,000	$ 5,574,000
Europe	1,457,000	1,447,000
Other (principally Asia Pacific Region)	488,000	542,000
Consolidated	$ 9,190,000	$ 7,563,000

Long-lived assets consist of property and equipment and finite intangible assets. Long-lived assets and total assets by geographic region as of July 31, 2009 are as follows:

	July 31, 2009 Long-lived assets	Total assets
United States	$ 2,466,000	$ 23,689,000
Europe	0	166,000
Other	0	13,000
Consolidated	$ 2,466,000	$ 23,868,000

(8) Intangible Assets

Intangible assets are amortized using the straight-line method over their estimated period of benefit, ranging from two to five years. Intangible assets are tested for impairment whenever events or changes in circumstances indicate their carrying value may not be recoverable. All of our intangible assets are subject to amortization. No material impairments of intangible assets have been identified during any of the periods presented.

(9) Significant New Accounting Pronouncements

Recently Adopted Accounting Pronouncements
In December 2007, the FASB issued SFAS No. 141R, "Business Combinations" (SFAS 141R), which replaces SFAS 141. The statement retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in the purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred. SFAS No. 141R became effective for us May 1, 2009 and will apply prospectively to business combinations completed on or after that date.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51" (SFAS 160), which changes the accounting and reporting for minority interests. Minority interests will be recharacterized as noncontrolling interests and will be reported as a component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS 160 became effective for us May 1, 2009 and will apply prospectively, except for the presentation and disclosure requirements, which will apply retrospectively.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" (SFAS No. 165). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through September 10, 2009.

The SEC's Office of the Chief Accountant published Staff Accounting Bulletin (SAB) No. 112 (SAB 112). SAB 112 which was effective June 10, 2009 and amends or rescinds portions of the interpretive guidance included in the Staff Accounting Bulletin Series to make the relevant interpretive guidance consistent with current authoritative accounting and auditing guidance and SEC rules and regulations. Specifically, SAB 112 aims to bring existing guidance into conformity with recent pronouncements by the FASB, including SFAS 141R and SFAS No. 160. The adoption of SAB 112 has not had a material impact the Company's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification(TM) and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB Statement No. 162" (SFAS 168). SFAS 168 defines the order in which accounting principles generally accepted in the United States of America should be followed. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of SFAS 168 is not expected to have a material impact on our consolidated financial statements.

(10) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents and trade receivables. 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. In regard to trade receivables, the Company performs ongoing evaluations of its customers' financial condition, as well as general economic conditions and, generally, requires no collateral from its customers.

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. The information provided in this interim report may include forward-looking statements relating to future events, such as the development of new products, pricing and availability of raw materials or the future financial performance of the Company. Actual results may differ from such projections 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, 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.

Executive Overview

Dataram is a developer, manufacturer and marketer of large capacity memory products primarily used in high performance network servers and workstations. The Company provides customized memory solutions for original equipment manufacturers (OEMs) and compatible memory for leading brands including Dell, HP, IBM and Sun Microsystems. The Company also manufactures a line of memory products for Intel and AMD motherboard based servers.

The Company's memory products are sold worldwide to OEMs, distributors, value-added resellers and end-users. The Company has a manufacturing facility in the United States with sales offices in the United States and Europe.

The Company is an independent memory manufacturer specializing in high capacity memory and competes with several other large independent memory manufacturers as well as the OEMs mentioned above. The primary raw material used in producing memory boards is dynamic random access memory (DRAM) chips. The purchase cost of DRAMs is the largest single component of the total cost of a finished memory board. Consequently, average selling prices for computer memory boards are significantly dependent on the pricing and availability of DRAM chips.

Liquidity and Capital Resources

The Company's cash and working capital position remain strong. As of July 31, 2009, cash and cash equivalents amounted to $7.3 million and working capital amounted to $14.2 million, reflecting a current ratio of 5.4 to 1, compared to cash and cash equivalents of $12.5 million, working capital of $15.5 million and a current ratio of 6.0 to 1 as of April 30, 2009.

During the first fiscal quarter ended July 31, 2009, net cash used in operating activities totaled approximately $5,108,000. Net loss in the period was approximately $978,000. Inventories increased by approximately $2,285,000. In the quarter ended July 31, 2009, the MMB business unit described in Note 2 increased their inventory levels by approximately $1.0 million to properly support normal sales levels. At April 30, 2009, the MMB business unit inventory totaled approximately $170,000. Inventory was maintained at an unsustainably low level during the first month subsequent to the acquisition as part of the Company's transition and integration plan. The balance of the inventories increase was primarily the result of management's decision to purchase inventories at favorable pricing levels. Accounts receivable increased by approximately $1,661,000, primarily as a result of increased revenues. Deferred income taxes increased by $628,000 and accrued liabilities decreased by approximately $190,000. Cash used in operating activities was partially offset by an increase in accounts payable of approximately $341,000. Depreciation and amortization expense of approximately $283,000 and non-cash stock-based expense of approximately $156,000 were also recorded.

Net cash used in investing activities totaled approximately $145,000 for the quarter ended July 31, 2009. This was primarily the result of property and equipment additions. These additions were for test equipment used in the Company's manufacturing process.

On June 21, 2004, the Company entered into a credit facility with a bank, which provided for up to a $5 million revolving credit line. The Company was required to pay a fee equal to one-eighth of one percent per annum on the unused commitment. There have been no borrowings against the credit line. On February 23, 2009, the Company canceled this agreement.

Management believes that the Company's existing cash resources will be sufficient to meet short-term liquidity needs. Management further believes that its working capital is adequate to finance the Company's long-term operating needs and future capital requirements.

Future minimum lease payments under noncancellable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2009 are as follows:

Year ending April 30:	Operating leases
2010	$ 533,000
2011	387,000
2012	34,000
Thereafter	0
Total minimum lease payments	$ 954,000

The Company has no other material commitments.

Results of Operations

Revenues for the three month period ended July 31, 2009 were $9,190,000 compared to revenues of $7,563,000 for the comparable prior year period. The recently acquired MMB business unit described in Note 2, generated revenues of approximately $2,912,000 in 2010's fiscal first quarter and nil in the comparable prior year period. In the fiscal period ended July 31, 2009, excluding the effect of the revenues generated by the MMB acquisition, the Company's revenues declined by $1,285,000 when compared to the prior comparable period. There has been a softening in demand due to the weakening economy. Many customers have curtailed or temporarily suspended their capital spending while they adapt their business plans to the current environment.

Revenues for the three months ended July 31, 2009 and 2008 by geographic region are as follows:

	Three months ended July 31, 2009	Three months ended July 31, 2008
United States	$ 7,245,000	$ 5,574,000
Europe	1,457,000	1,447,000
Other (principally Asia Pacific Region)	488,000	542,000

Consolidated	$ 9,190,000	$ 7,563,000

Cost of sales for the first quarter of fiscal 2010 and 2009 were 72% and 65% of revenues, respectively. The recently acquired MMB business unit's cost of sales were 72% in fiscal 2010's first quarter. Also contributing to the increase in percentage was the fact that in the quarter ended July 31, 2009, two large orders were shipped to one customer where the bidding for the orders was extremely competitive. Fluctuations in cost of sales as a percentage of revenues in any given quarter are not unusual and can result from many factors, some of which are a rapid change in the price of DRAMs, or a change in product mix possibly resulting from a large order or series of orders for a particular product or a change in customer mix. Cost of sales in the first quarter of fiscal 2010 was $6.7 million compared to $4.9 million in the prior year comparable period.

Engineering expense in fiscal 2010's first quarter totaled $253,000, versus $332,000 for the same prior year period.

Research and development expense in fiscal 2010's first quarter were $874,000 versus $212,000 in the same prior year period. In the first quarter of the prior fiscal year, the Company implemented a strategy to introduce new and complementary products into its offerings portfolio. The Company is currently focusing on the development of certain high performance storage products. As part of that strategy, in January 2009, the Company entered into a software purchase and license agreement with another company whereby the Company has the exclusive right to purchase specified software for a price of $900,000 plus a contingent payment of $100,000. Fiscal 2010's first quarter research and development expense includes $300,000 of expense related to a payment for the software purchase and license. The software and the storage product, which incorporates the software, is currently under development and is not deemed saleable at the present time. Should the Company elect to continue with the development project, the Company must make the final $300,000 payment, at which point the Company will own the software. We expect to make further investments in this area.

Selling, general and administrative (S,G&A) expense in the first fiscal quarter ended July 31, 2010 decreased by approximately $135,000 from the comparable prior year period. The acquired MMB business unit's S,G&A expense recorded in fiscal 2010's first quarter was approximately $602,000 versus nil in the comparable prior year period. The prior fiscal year's first quarter expense included a charge of approximately $716,000 related to a retirement agreement entered into with the Company's former chief executive officer. Stock-based compensation expense is recorded as a component of S,G&A expense and totaled approximately $156,000 and $126,000, respectively, for the first quarter of fiscal 2010 and 2009.

Other income, net for the first quarter of fiscal 2010 totaled $34,000, versus $109,000 for the same prior year period. Other income in fiscal 2010's first quarter consisted primarily of $10,000 of interest income and approximately $24,000 of foreign currency transaction gains, primarily as a result of the EURO strengthening relative to the US dollar. Fiscal 2009's first quarter other income, net consisted of approximately $111,000 of net interest income offset by approximately a $2,000 loss on disposal of assets.

Income tax benefit for the first quarter of fiscal 2010 and 2009 was $628,000 and $385,000, respectively. The Company's effective tax rate for financial reporting purposes in fiscal 2010 is approximately 39.0%. The Company has Federal and State net operating loss (NOL) carry-forwards of approximately $5.6 million and $4.0 million, respectively. These can be used to offset future taxable income and expire between 2023 and 2029 for Federal tax purposes and 2016 and 2029 for state tax purposes.

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, 2009, the Company believes the following accounting policies to be critical:

Revenue Recognition - Revenue is recognized when title passes upon shipment of goods to customers. The Company's revenue earning activities involve delivering or producing goods. The following criteria are met before revenue is recognized: persuasive evidence of an arrangement exists, shipment has occurred, selling price is fixed or determinable and collection is reasonably assured. The Company does experience a minimal level of sales returns and allowances for which the Company accrues a reserve at the time of sale in accordance with SFAS No. 48, "Revenue Recognition When Right of Return Exists". Estimated warranty costs are accrued by management upon product shipment based on an estimate of future warranty claims.

Stock Option Expense - In December 2004, SFAS No. 123 (revised 2004), "Share-Based Payment"("SFAS 123(R)") was issued. SFAS 123(R) revises SFAS 123 and supersedes APB No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). SFAS 123, as originally issued in 1995, established as preferable a fair value-based method of accounting for share-based payment transactions with employees. However, SFAS 123 as amended permitted entities the option of continuing to apply the intrinsic value method under APB 25 that the Company had been using, as long as the footnotes to the financial statements disclosed what net income would have been had the preferable fair value-based method been used. SFAS 123(R) requires that the compensation cost relating to all share-based payment transactions, including employee stock options, be recognized in the historical financial statements. That cost is measured based on the fair value of the equity or liability instrument issued and amortized over the related service period. The Company adopted the guidance in SFAS 123(R) effective May 1, 2006. As such, the accompanying consolidated statement of operations for the fiscal 2010 and fiscal 2009 first quarter ending July 31 includes approximately $156,000 and $126,000 of stock option expense, respectively, in operating expenses related to the fair value of options granted to employees and directors under the Company's stock-based compensation plans which is being amortized over the service period in the financial statements, as required by SFAS 123(R). These awards have been classified as equity instruments, and as such, a corresponding increase of approximately $156,000 has been reflected in additional paid-in capital in the accompanying consolidated balance sheet as of July 31, 2009. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Expected life is based on the Company's historical experience of option exercises relative to option contractual lives; Expected volatility is based on the historical volatility of the Company's share price; Expected dividend yield assumes the current dividend rate remains unchanged; Risk free interest rate approximates United States government debt rates at the time of option grants.

Research and Development Expense - All research and development costs are expensed as incurred, including Company-sponsored research and development and costs of patents and other intellectual property that have no alternative future use when acquired and in which we had an uncertainty in receiving future economic benefits.

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" (SFAS No. 109). 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. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company considers certain tax planning strategies in its assessment as to the recoverability of its tax assets. 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 DISCLOSURES ABOUT MARKET RISK.

The Company does not invest in market risk sensitive instruments. The Company's investments consist of overnight deposits with banks and commercial paper, which matures within ninety days. The Company's rate of return on its investment portfolio changes with short-term interest rates, although such changes will not affect the value of its portfolio. The Company's objective 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 5 to 10 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 could do so as circumstances warrant.

ITEM 4T. CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended July 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

None.

Item 1A. RISK FACTORS.

No material changes from Annual Report on Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

No reportable event.

Item 3. DEFAULTS UPON SENIOR SECURITIES.

No reportable event.

Item 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS.

No reportable event.

Item 5. OTHER INFORMATION.

No reportable event.

Item 6. EXHIBITS.

Exhibit No.	Description
31(a)	Rule 13a-14(a) Certification of John H. Freeman.
31(b)	Rule 13a-14(a) Certification of Mark E. Maddocks.
32(a)	Section 1350 Certification of John H. Freeman (furnished not filed).
32(b)	Section 1350 Certification of Mark E. Maddocks (furnished not filed).

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: September 10, 2009 By: ______________________________

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

Exhibit 31(a)
Rule 13a-14(a) Certification

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302

I, John H. Freeman, 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 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 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: September 10, 2009 /s/ John H. Freeman

John H. Freeman, President and
Chief Executive Officer

(Principal Executive Officer)

Exhibit 31(b)
Rule 13a-14(a) Certification

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302

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 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 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: September 10, 2009 /s/ Mark E. Maddocks

Mark E. Maddocks
Vice President, Finance

(Principal Financial & Accounting Officer)

Exhibit 32(a)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Dataram Corporation, a New Jersey corporation (the "Company"), on Form 10-Q for the quarter ended July 31, 2009, as filed with the Securities and Exchange Commission (the "Report"), John H. Freeman, Chief Executive Officer of the Company, does hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that to his knowledge:

(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 result of operations of the Company.

September 10, 2009 /s/ John H. Freeman

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John H. Freeman
President and Chief Executive Officer

[A signed original of this written statement required by Section 906 has been provided to Dataram Corporation and will be retained by Dataram Corporation and furnished to the Securities and Exchange Commission or its staff upon request.]

Exhibit 32(b)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Dataram Corporation, a New Jersey corporation (the "Company"), on Form 10-Q for the quarter ended July 31, 2009, as filed with the Securities and Exchange Commission (the "Report"), Mark E. Maddocks, Chief Financial Officer of the Company, does hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that to his knowledge:

(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 result of operations of the Company.

September 10, 2009 /s/ Mark E. Maddocks

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

[A signed original of this written statement required by Section 906 has been provided to Dataram Corporation and will be retained by Dataram Corporation and furnished to the Securities and Exchange Commission or its staff upon request.]