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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 1/31/99 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)

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 X 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 March 3, 1999, there were 5,313,110 shares outstanding.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dataram Corporation And Subsidiary
Consolidated Balance Sheets
January 31, 1999 and April 30, 1998

	(Unaudited) January 31, 1999	(Audited) April 30, 1998
Assets		
Current Assets:		

Cash and cash equivalents	$ 9,882,485	$ 7,529,906
Trade receivables, less allowance for doubtful accounts and sales returns of $450,000 at January 31, 1999 and at April 30, 1998	7,838,563	10,075,838
Inventories	3,512,992	2,923,165
Other current assets	659,499	493,013
Total current assets	21,893,539	21,021,922
Property and equipment, at cost:		
Land	875,000	875,000
Machinery and equipment	9,669,253	8,805,875
	10,544,253	9,680,875
Less: accumulated depreciation and amortization	7,151,979	6,245,979
Net property and equipment	3,392,274	3,434,896
Other assets	8,655	7,380
	$ 25,294,468	$ 24,464,198
	==========	==========
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,771,607	$ 4,698,786
Accrued liabilities	1,880,350	1,548,315
Income taxes payable	0	236,116
Total current liabilities	4,651,957	6,483,217
Deferred income taxes	1,013,000	1,013,000
Stockholders' Equity:		
Common stock, par value $1.00 per share. Authorized 18,000,000 shares; issued 5,562,810 at January 31, 1999 and issued and outstanding 2,781,405 at April 30, 1998	5,562,810	2,781,405
Additional paid in capital	0	2,125,871
Retained earnings	15,534,761	12,060,705
Treasury stock, at cost (192,200 shares)	(1,468,060)	0
Total stockholders' equity	19,629,511	16,967,981
	$ 25,294,468	$ 24,464,198
	==========	==========

See accompanying notes to consolidated financial statements

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<TABLE>

Dataram Corporation and Subsidiary
Consolidated Statements of Earnings
Three and Nine Months Ended January 31, 1999 and 1998
(Unaudited)

	1999		1998	
	3rd Quarter	Nine Months	3rd Quarter	Nine Months
	<C>	<C>	<C>	<C>
Revenues	$ 18,921,906	$ 52,933,927	$ 19,844,043	$ 58,059,070
Costs and expenses:				
Cost of sales	13,869,310	37,234,581	14,690,712	44,853,570
Engineering and development	354,489	1,057,923	283,608	808,575
Selling, general and administrative	2,660,858	8,407,900	3,255,737	8,319,558

	16,884,657	46,700,404	18,230,057	53,981,703
Earnings from operations	2,037,249	6,233,523	1,613,986	4,077,367
Other income (expense), net				
Other income, net	0	0	1,200	3,200
Interest income, net	109,982	362,067	81,094	220,841
	109,982	362,067	82,294	224,041
Earnings before income taxes	2,147,231	6,595,590	1,696,280	4,301,408
Income tax provision	725,000	2,466,000	664,000	1,655,000
Net earnings	$ 1,422,231	$ 4,129,590	$ 1,032,280	$ 2,646,408
Net earnings per share of common stock				
Basic	$ .26	$ .75	$ .18	$ .44
Diluted	$ .22	$ .66	$ .17	$ .42
Weighted average number of common shares outstanding				
Basic	5,405,421	5,503,775	5,872,410	5,994,780
Diluted	6,395,249	6,268,914	6,150,158	6,257,674

See accompanying notes to consolidated financial statements.

</TABLE>

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Dataram Corporation and Subsidiary
Consolidated Statements of Cash Flows
Nine Months Ended January 31,1999 and 1998
(Unaudited)

	1999	1998
Cash flows from operating activities:		
Net earnings	$ 4,129,590	$ 2,646,408
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	906,000	495,300
Bad debt expense	(181,363)	271,086
Changes in assets and liabilities:		
(Increase) decrease in trade receivables	2,418,638	(1,310,834)
(Increase) decrease in inventories	(589,827)	900,134
(Increase) decrease in other current assets	(166,486)	63,789
Increase in other assets	(1,275)	(1,650)
Decrease in accounts payable	(1,927,179)	(773,192)
Increase in accrued liabilities	332,035	231,430
Increase(decrease) in income taxes payable	(236,116)	34,116
Net cash provided by operating activities	4,684,017	2,556,587

Cash flows from investing activities:		
Purchase of property and equipment	(863,378)	(1,424,129)
	__________	__________
Net cash used in investing activities	(863,378)	(1,424,129)
Cash flows from financing activities:		
Proceeds from sale of common shares under stock option plan (including tax benefits)	0	329,875
Purchase and cancellation of common stock	0	(1,605,327)
Purchase of common stock held in treasury	(1,468,060)	0
	__________	__________
Net cash used in financing activities	(1,468,060)	(1,275,452)
	__________	__________
Net increase (decrease) in cash and cash equivalents	2,352,579	(142,994)
Cash and cash equivalents at beginning of year	7,529,906	6,835,671
	__________	__________
Cash and cash equivalents at end of period	$ 9,882,485	$ 6,692,677
	==========	==========
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 38,751	$ 37,453
Income taxes	$ 2,750,200	$ 1,473,058

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
January 31, 1999 and 1998
(Unaudited)

Basis of Presentation

The information at January 31, 1999 and for the three and nine months ended January 31, 1999 and 1998, 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 generally accepted accounting principles. The interim results are not necessarily indicative of results to be expected for the full fiscal year. These financial statements should be read in conjuction with the audited financial statements for the year ended April 30, 1998 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Stock Split

On November 11, 1998 the Company's Board of Directors announced a two-for-one stock split effected in the form of a dividend for shareholders of record at the close of business on November 23, 1998 and payable December 3, 1998. The accompanying per share amounts in the financial statements have been restated (as a credit to common stock) to give retroactive effect to this stock split. The stock split has been charged to additional paid in capital in the amount of $2,125,871 and retained earnings in the amount of $655,534.

Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Dataram International Sales Corporation (a Domestic International Sales Corporation (DISC)). All significant intercompany transactions and balances have been eliminated.

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 January 31, 1999 and April 30, 1998 consist of the following categories:

	January 31, 1999	April 30, 1998
Raw material	$ 1,536,000	$ 1,759,000
Work in process	324,000	61,000
Finished goods	1,653,000	1,103,000
	$ 3,513,000	$ 2,923,000

Property and equipment

Property and equipment is recorded at cost. Depreciation is generally computed on the straight-line basis. Depreciation rates are based on the estimated useful lives which range from three to five years for machinery and equipment. When property or equipment is retired or otherwise disposed of, related costs and accumulated depreciation are removed from the accounts. Repair and maintenance costs are charged to operations as incurred.

Revenue recognition

Revenue from product sales is recognized when the related goods are shipped to the customer and all significant obligations of the Company have been satisfied. Estimated warranty costs are accrued.

Product development and related engineering

The Company expenses product development and related engineering costs as incurred. Engineering effort is directed to development of new or improved products as well as ongoing support for existing products.

Income taxes

The Company follows the asset and liability method of accounting for income taxes in accordance with the provisions of Statement of Financial Accounting Standards SFAS No. 109, "Accounting for Income Taxes". Under the asset and liability method, 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. 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.

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 generally accepted accounting principles 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.

Long-term debt

During the second quarter of fiscal 1999, the Company amended and restated its credit facility with its bank. Under the amended agreement, the Company modified certain financial covenants and increased the revolving credit facility to $12,000,000 until October 31, 1999, at which point it will decrease to $6,000,000 until October 31, 2000. The agreement provides for Eurodollar rate loans, CD rate loans and base rate loans at an interest rate no higher than the bank's base commercial lending rate less 1/2%. The Company is required to pay a commitment fee equal to 1/16 of one percent per annum on the unused commitment. The agreement contains certain restrictive financial covenants including a minimum current ratio, minimum tangible net worth requirement, minimum interest coverage ratio, maximum debt to equity ratio and certain other covenants, as defined by the agreement. There were no borrowings during fiscal 1999 and 1998. As of January 31, 1999, the amount available for borrowing under the revolving credit facility was $12,000,000.

Treasury stock

On September 9, 1998, the Company announced an Open Market Repurchase Plan. The plan provides for repurchases of up to 500,000 shares of the Company's common stock. The shares may be repurchsed from time to time either on the American Stock Exchange or through block purchases. As of January 31, 1999, 192,200 shares had been purchased under the plan at a total cost of $1,468,060 and are held as treasury stock.

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

Liquidity and Capital Resources

As of January 31, 1999, working capital amounted to $17.2 million reflecting a current ratio of 4.7 compared to working capital of $14.5 million and a current ratio of 3.2 as of April 30, 1998.

During fiscal 1999, the Company amended and restated its $12 million unsecured revolving credit line with its bank. The credit facility was unused during fiscal 1999. On October 31, 1999, $6 million of the facility is scheduled to expire and on October 31, 2000, the remaining $6 million of the facility is scheduled to expire. The Company intends to renew any expiring portion of the facility by the expiration date and maintain a $12 million total facility.

Management believes that its working capital together with internally generated funds and its bank line of credit are adequate to finance the Company's operating needs and future capital requirements.

Year 2000

The Company's products are all year 2000 compliant. The Company has completed its upgrade of its manufacturing, accounting, production and inventory control systems and software and these systems and software are now year 2000 compliant. The Company has numerous personal computers and peripheral devices used in information technology and non-information technology applications which are currently being tested for year 2000 compliance. The Company intends to upgrade or replace any non year 2000 compliant devices by the end of the current fiscal year. Management estimates that the financial impact of the upgrade will not have a material effect on the Company's consolidated financial condition, results of operations and liquidity.

As part of the Company's Year 2000 readiness program, the Company has identified its key vendors and suppliers and is attempting to ascertain their stage of year 2000 readiness primarily through questionaires and interviews. The Company has a diverse and ever changing customer base, with no single customer typically accounting for 10% or more of its revenue. At this time, the Company has no plans to ascertain the stage of year 2000 readiness of its current customers.

The possible consequences of the Company, its key vendors, certain customers, governments or government agencies, financial institutions, utilities, etc. of not being year 2000 compliant by January 1, 2000 include but are not limited to, among other things, a temporary plant closing, delays in the delivery of products, delays in collection of recievables, and inventory and supply obsolescence. Because of the widespread nature of this problem, no assurances can be made that the Company will not be materially adversely affected by a temporary inability of the Company to conduct its business in the ordinary course for a period of time after January 1, 2000. However, management believes that the actions it has taken should significantly reduce the adverse effect any such disruptions may have.

Results of Operations

Revenues for the three month period ended January 31, 1999 were $18,922,000 compared to revenues of $19,844,000 for the comparable prior year period. Fiscal 1999 nine month revenues totaled $52,934,000 versus nine month revenues of $58,059,000 for the prior fiscal year. The decrease in revenues was the result of declining average selling prices for the Company's products reflecting a year over year decrease in the price of dynamic random access memory chips (DRAMs)which are the primary raw material in memory boards, offset by increased unit volume.

Cost of sales for the third quarter and nine months of fiscal 1999 were 73% and 70%, respectively of revenues versus 74% and 77% for the same prior year periods. The decrease in cost of sales as a percentage of revenues is attributable to favorable product mix as users continue to shift from 16 megabit based product to higher capacity 64 megabit product which command more favorable margins.

Engineering and development costs in fiscal 1999's third quarter and nine months were $354,000 and $1,058,000, respectively versus $284,000 and $809,000 for the same prior year periods. The Company intends to maintain its commitment to the timely introduction of new memory products as new workstations and computers are introduced.

Selling, general and administrative costs in this year's second quarter and nine months were 14% and 16% of revenues, respectively versus 16% and 14%, for the comparable prior year periods. Three month total expenditures decreased by $595,000 from the comparable prior year period. Nine month selling, general and administrative costs decreased by $88,000 in fiscal 1999 versus fiscal 1998. Fiscal 1999 three and nine month expense includes a $300,000 recovery of an account receivable previously charged to allowance for doubtful accounts in the fourth quarter of fiscal 1998. Fiscal 1998 third quarter S,G&A costs included approximately $525,000 of legal expenses incurred related to a Complaint filed by Sun Microsystems, Inc., which has since been resolved. The change in nine month costs is primarily attributable to an expansion of the Company's sales force initiated in the beginning of fiscal 1998 as well as an increase in certain marketing and promotional programs, offset by the reduction in legal expense.

Other income (expense),net for the third quarter and nine months of fiscal 1999 and 1998 consisted primarily of interest income on short term investments.

Income tax expense for the third quarter and nine months of fiscal 1999 include a $116,000 benefit (net of Federal income tax benefit) from a reduction in the Company's effective state tax rate.

Safe Harbor Statement

The information provided in this interim report may include forward-looking statements relating to future events, such as the development of new products, the commencement of production 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.

PART II: OTHER INFORMATION

ITEM 5. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

27 (a). Financial Data Schedule

28 (a). Press Release reporting results of Third Quarter, Fiscal Year 1999 (Attached).

B. Reports on Form 8-K

No reports on Form 8-K have been filed during the current quarter.

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

Date: March 8, 1999 By: MARK E. MADDOCKS

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

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FOR: Dataram Corporation

APPROVED BY: Mark E. Maddocks
Chief Financial Officer
Dataram Corporation
(609) 799-0071

CONTACT: Investor Relations:
John Blackwell/Sandra O'Keefe
Press: Michael McMullan
Morgen-Walke Associates, Inc.
(212) 850-5600

DATARAM REPORTS STRONG EARNINGS INCREASE
FOR FISCAL 1999 THIRD QUARTER

PRINCETON, NJ, February 9, 1999: Dataram Corporation (AMEX: DTM) today announced favorable financial results for its third quarter and first nine months of fiscal 1999, ended January 31, 1999.

For the fiscal 1999 third quarter, net earnings increased 38% to $1,422,000, or $0.22 per diluted share, versus $1,032,000, or $0.17 per diluted share. Revenues totaled $18.9 million versus $19.8 million in the prior year's third quarter.

For the 1999 nine-month period, net earnings rose 56% to $4,130,000, or $0.66 per diluted share, versus $2,646,000, or $0.42 per diluted share. Revenues were $52.9 million compared to $58.1 million in the comparable period of fiscal 1998. Net earnings for the fiscal 1999 third quarter and nine months results included a $116,000, or approximately $0.02 per diluted share, benefit from a reduction in the Company's effective state tax rate. This was primarily the result of a change in New Jersey tax law. Going forward, the Company's net effective tax rate will be reduced by approximately 1%..

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The Company noted that higher volumes shipped in the fiscal 1999 third quarter were offset by a lower purchase price, for DRAMs, the primary raw material used in its products. The average purchase price of DRAMS in the third quarter of fiscal 1999 was approximately 57% lower than in the comparable prior year period while gigabytes shipped increased by approximately 72%. On a sequential quarterly basis, DRAM prices in the 1999 third quarter were approximately 12% higher than in the second quarter.

Additionally, the Company continued to participate in its previously announced share repurchase program. As of January 31, 1999, the Company purchased 192,200 shares of the 500,000 share repurchase authorization. The purchases were financed using funds generated by operating cash flow.

Robert V. Tarantino, Dataram's president and chief executive officer, commented, "This quarter is indicative of the sustained worldwide demand for workstation and network server memory. By remaining focused on high capacity memory products, Dataram has maintained its profit margins, expanded its business and, once again, demonstrated improved earnings. Although DRAM pricing was lower compared to a year ago, it has risen from its second quarter lows and we have increased our selling prices accordingly. Looking ahead, we expect DRAM prices to remain stable throughout the fourth quarter."

Mr. Tarantino continued, "In addition, we achieved several milestones. Specifically, we broadened our distribution channel by signing agreements with two major channel partners, expanded our international sales team and introduced and received Intel qualification for several products for the Intel network server marketplace. We are in the process of building a sales organization that will exclusively market these Intel products to channel assemblers and

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original equipment manufacturers. Jay Litus, Vice President of Business Development, will spearhead this effort."

In conclusion, Mr. Tarantino said, "As we enter our fiscal 1999 fourth quarter, we remain confident in our ability to sustain favorable financial performance and we expect to realize the benefit of our growth initiatives in the upcoming fiscal year."

Dataram Corporation is a leading provider of gigabyte memory upgrades for workstations and network servers. The Company specializes in the manufacture of large-capacity memory boards for Compaq, Digital, Hewlett-Packard, IBM, Intel, Silicon Graphics and Sun Microsystems computers.

The information provided in this press release may include forward-looking statements relating to future events, such as the development of new products, the commencement of production, 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.