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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 07/31/99 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.)

186 Princeton Road (Route 571), West Windsor, New Jersey 08550

(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 August 18, 1999, there were 5,237,910 shares outstanding.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	(Unaudited) July 31, 1999	(Audited) April 30, 1999

Assets

Current Assets:		
Cash and cash equivalents	$ 9,508,529	$ 8,092,527
Trade receivables, less allowance for doubtful accounts and sales returns of $400,000 at July 31, 1999 and $450,000 at April 30, 1999	9,781,766	12,016,106
Inventories	4,303,244	3,290,300
Other current assets	645,689	475,387
Total current assets	24,239,228	23,874,320
Property and equipment, at cost:		
Land	875,000	875,000
Machinery and equipment	5,695,586	5,188,696
	6,570,586	6,063,696
Less: accumulated depreciation and amortization	2,872,993	2,572,993
Net property and equipment	3,697,593	3,490,703
Other assets	8,655	8,655
	$ 27,945,476	$ 27,373,678

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	$ 4,203,211	$ 4,344,179
Accrued liabilities	969,352	1,840,647
Income taxes payable	507,408	250,408
Total current liabilities	5,679,971	6,435,234
Deferred income taxes	919,000	919,000
Stockholders' Equity:		
Common stock, par value $1.00 per share. Authorized 18,000,000 shares; issued and outstanding 5,237,110 at July 31, 1999 and 5,236,810 at April 30, 1999	5,237,110	5,236,810
Additional paid-in capital	347,813	0
Retained earnings	15,761,582	14,782,634
Total stockholders' equity	21,346,505	20,019,444
	$ 27,945,476	$ 27,373,678

See accompanying notes to consolidated financial statements.

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

	1999	1998
Revenues	$ 21,164,684	$ 17,750,162
Costs and expenses:		
Cost of sales	15,414,747	12,269,849
Engineering and development	332,975	331,610
Selling, general and administrative	3,049,836	2,936,961

	18,797,558	15,538,420
Earnings from operations	2,367,126	2,211,472
Interest income, net	107,682	116,497
Earnings before income taxes	2,474,808	2,328,239
Income tax expense	944,000	911,000
Net earnings	$ 1,530,808	$ 1,417,239

Net earnings per share of common stock:

Basic	$ .29	$ .25
Diluted	$ .25	$ .23

Weighted average number of common shares outstanding:

Basic	5,218,327	5,562,810
Diluted	6,176,246	6,126,308

See accompanying notes to consolidated financial statements.

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

	1999	1998
Cash flows from operating activities:		
Net earnings	$ 1,530,808	$ 1,417,239
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	300,000	342,000
Bad debt expense (recovery)	(55,782)	103,580
Changes in assets and liabilities:		
Decrease in trade receivables	2,290,122	2,350,308
Decrease (increase) in inventories	(1,012,944)	553,437
Increase in other current assets	(170,302)	(150,912)
Increase in other assets	0	(3,000)
Decrease in accounts payable	(140,968)	(1,548,152)
Increase (decrease)in accrued liabilities	(871,295)	99,284
Increase in income taxes payable	257,000	572,577
Net cash provided by operating activities	2,126,639	3,736,361
Cash flows from investing activities:		
Purchase of property and equipment	(506,890)	(556,350)
Net cash used in investing activities	(506,890)	(556,350)

Cash flows from financing activities:

Proceeds from sale of common shares under stock option plan (including tax benefits)	417,813	0
Purchase and subsequent cancellation of common stock	(621,560)	0
Net cash used in financing activities	(203,747)	0
Net increase in cash and cash equivalents	1,416,002	3,180,011
Cash and cash equivalents at beginning of period	8,092,527	7,529,906
Cash and cash equivalents at end of period	$ 9,508,529	$ 10,709,917

Supplemental disclosures of cash flow information:

Cash paid during the period for:		
Interest	$ 36,682	$ 38,751
Income taxes	$ 525,200	$ 365,200

See accompanying notes to consolidated financial statements.

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

Basis of Presentation

The information at July 31, 1999 and for the three months ended July 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, 1999 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. Weighted average shares outstanding and net earnings per share have been retroactively adjusted to reflect the stock split.

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

	July 31, 1999	April 30, 1999
Raw materials	$ 1,858,000	$ 1,335,000
Work in process	337,000	508,000
Finished goods	2,108,000	1,447,000
	$ 4,303,000	$ 3,290,000

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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 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.

Common Stock

During the quarter ended July 31, 1999, the Company purchased and retired 69,700 shares of its common stock.

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.

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 Exchange Act of 1934, as amended. Actual results could differ materially from those projected in the forward looking statements.

Liquidity and Capital Resources

As of July 31, 1999, working capital amounted to $18.6 million reflecting a current ratio of 4.3 compared to working capital of $17.4 million and a current ratio of 3.7 as of April 30, 1999.

The Company's financial condition remains strong. The Company has a $12 million unsecured line of credit with a bank, of which $6 miilion is scheduled to expire in October 1999 and $6 million expires in October 2000. The Company intends to renew any expiring portion of the facility by the expiration date and maintain a $12 million total facility. At the end of the quarter there was no amount outstanding under the line of credit. With its current working capital balance and the line of credit, management believes that it will be able to support its growth and other capital needs for the foreseeable future.

The Company's products are all year 2000 compliant. The Company has upgraded its manufacturing, accounting, production and inventory control systems and software and management believes that these systems and software are now or will be year 2000 compliant by year end. The Company has numerous personal computers and peripheral devices used in information technology and non-information technology applications which have been tested for year 2000 compliance. The Company has upgraded or replaced any known non year 2000 compliant devices and management believes that these devices are now year 2000 compliant. 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 questionnaires and interviews. The Company has a diverse customer base, with no single customer 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 receivables and supply disruption. 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. At this time the Company has no contingency plan in place to deal with the possible consequences listed above. However, management believes that the actions it has taken should significantly reduce the adverse effect any such disruptions may have.

On September 10, 1998, the Company announced an open market repurchase program providing for the repurchase of up to 500,000 shares of its common stock. On June 15, 1999, the Company announced an additional open market repurchase plan providing for the repurchase of up to 500,000 shares of the Company's common stock. During the quarter ended July 31, 1999, the Company purchased 69,700 shares of its common stock at an average price of $8.90 per share. As of July 31, 1999 there are 592,300 shares remaining available for purchase under the two programs.

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Results of Operations

Revenues for the three month period ending July 31, 1999 were $21,165,000 compared to revenues of $17,750,000 for the comparable prior year period. Volume, measured in gigabytes shipped, increased 60% in the first quarter compared to the prior year period. The volume increase was mitigated by a 25% reduction in average selling prices due to lower average DRAM prices. The Company continues to expand its sales with existing customers as well as securing new customers.

Cost of sales for the first quarter were 73% of revenues versus 69% for the same prior year period. The increase in the cost of sales was mainly the result of
reduced sales of certain of the Company's Digital Equipment Corporation (now Compaq) compatible memory products which command high margins.

Engineering and development costs in fiscal 1999's first quarter were $333,000 versus $332,000 for the same prior year period. The Company continues to maintain its commitment to timely introduction of new memory products as new workstations and computers are introduced.

Selling, general and administrative costs in this year's first quarter were 14% of revenues versus 17% for the same prior year period. Three month total expenditures were comparable to the prior year period.

Interest income, net for the first quarter of fiscal 2000 and fiscal 1999, consists primarily of interest income on short term investments.

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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 First Quarter, Fiscal Year 1999 (Attached).

B. Reports on Form 8-K

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

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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: 8/26/99 By: MARK E. MADDOCKS

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

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

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Cheryl Schneider/John Blackwell
Press: Michael McMullan
Morgen-Walke Associates, Inc.
(212) 850-5600

DATARAM REPORTS RECORD FIRST QUARTER EARNINGS

PRINCETON, NJ, August 12, 1999 -- Dataram Corporation (AMEX: DTM) today reported record earnings for its first quarter ended July 31, 1999.

For the fiscal 2000 first quarter, net earnings increased to $1,531,000, or $0.25 per diluted share, versus $1,417,000, or $0.23 per diluted share for the first quarter of fiscal 1999. Revenues of $21.2 million were up 19% versus $17.8 million in the prior year's first quarter.

The Company noted that volume, measured in gigabytes shipped, increased 60% in the first quarter compared to the prior year period. The volume increase was mitigated by a 25% reduction in average selling prices due to lower average DRAM prices.

Robert V. Tarantino, Dataram's president and chief executive officer, commented, "We are pleased to have once again achieved record earnings marking our seventh consecutive quarter of year-over-year earnings improvement. The market for high capacity memory products remains strong and we continue to play an important role in meeting the needs of the Internet server and workstation markets."

Mr. Tarantino added, "We are on track to achieve our current year goal of 20% annual earnings growth as the market for faster more complex computer memory products continues to expand. DRAM prices have recently stabilized and we are anticipating continued pricing stability for the upcoming quarter. We have built a strong brand name in the computer memory industry by producing quality products and providing superior service and we will continue to stay focused on using this strong brand recognition to further penetrate the gigabyte memory market with high quality memory products."

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Mr. Tarantino continued, "We are making progress in expanding our market presence with existing customers such as Access Graphics, America Online and Wal-Mart as well as securing important new customers such as Bell Microproducts, Nortel and Philips Semiconductors. We have maintained our first to market advantage with new product introductions, including recently, the highly promising two gigabyte memory option for Sun Microsystems Inc.'s flagship Enterprise server line."

"In addition to expanding our core business, we continued to foster new relationships with channel assemblers and original equipment manufacturers (OEMs) during the first quarter. This market segment offers substantial growth opportunities and, as we build volume, will provide us with significant operating leverage allowing us to maximize our manufacturing capabilities."

Mr. Tarantino concluded, "In another important development this quarter, we entered into a licensing agreement with Dense-Pac Microsystems allowing us to stack DRAMs (which doubles the amount of memory we can place on a board) in our manufacturing facility versus subcontracting this process. This action improves our competitiveness by reducing the cost of these assemblies and increasing our ability to respond to large OEM opportunities."

During the first quarter of fiscal 1999, the Company increased its share repurchase program. The Company purchased 69,700 shares of its common stock in the first quarter bringing the total number of shares purchased under the current program to 407,700 shares.

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, Dell, 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.

(Financial Tables To Follow)

DATARAM CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands, except per share amounts)

	Three Months Ended 7/31/99	7/31/98
	(Unaudited)	
Revenues	$ 21,165	$ 17,750
Costs and expenses:		
Cost of sales	15,415	12,270
Engineering and development	333	331
Selling, general and administrative	3,050	2,937
	18,798	15,538
Earnings from operations	2,367	2,212
Interest income, net	108	116
Earnings before income taxes	2,475	2,328
Income taxes	944	911
Net earnings	$ 1,531	$ 1,417
Net earnings per share		
Basic	$ 0.29	$ 0.25
Diluted	$ 0.25	$ 0.23
Average number of shares outstanding		
Basic	5,218	5,563
Diluted	6,176	6,126

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DATARAM CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(in thousands)

	July 31, 1999	April 30, 1999
	(Unaudited)	(Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,508	$ 8,093
Trade receivables, net	9,782	12,016
Inventories	4,303	3,290
Other current assets	646	475
Total current assets	24,239	23,874
Property and equipment, net	3,698	3,491
Other assets	9	9
	$ 27,946	$ 27,374
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,203	$ 4,344
Accrued liabilities	1,477	2,092
Total current liabilities	5,680	6,436
Deferred income taxes	919	919
Stockholders' equity	21,347	20,019
	$ 27,946	$ 27,374

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