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 January 31, 2012

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). [X] 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 March 16, 2012, there were 10,703,309 shares outstanding.

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Dataram Corporation and Subsidiaries
Consolidated Balance Sheets
January 31, 2012 and April 30, 2011

	January 31, 2012 (Unaudited)	April 30, 2011 (Note 1)
Assets		
Current Assets:		
Cash and cash equivalents	$ 738,526	$ 345,105
Accounts receivable, less allowance for doubtful accounts and sales returns of $225,000 at January 31, 2012 and April 30, 2011	2,763,156	4,630,240
Inventories	3,323,691	5,461,791
Other current assets	96,287	127,279
Total current assets	6,921,660	10,564,415
Property and equipment, at cost:		
Machinery and equipment	11,967,550	11,930,806
Leasehold improvements	607,868	1,238,923
	12,575,418	13,169,729
Less: accumulated depreciation and amortization	11,792,218	12,207,476
Net property and equipment	783,200	962,253
Other assets	81,986	111,136
Intangible assets, net of accumulated amortization	337,469	1,940,338
Goodwill	1,453,034	1,241,981
	$ 9,577,349	$ 14,820,123
Liabilities and Stockholders' Equity		
Current liabilities:		
Note payable-revolving credit line	$ 1,470,838	$ 2,153,889
Accounts payable	705,823	2,944,928
Accrued liabilities	858,573	840,146
Due to related party - current portion	233,333	1,500,000
Total current liabilities	3,268,567	7,438,963
Due to related party - long term	1,766,667	-
Total Liabilities	5,035,234	7,438,963
Stockholders' Equity:		
Common stock, par value $1.00 per share		
Authorized 54,000,000 shares; issued and outstanding 10,703,309 at January 31, 2012 and 8,928,309 at April 30, 2011	10,703,309	8,928,309
Additional paid-in capital	10,223,127	8,621,729
Accumulated deficit	(16,384,321)	(10,168,878)
Total stockholders' equity	4,542,115	7,381,160
	$ 9,577,349	$ 14,820,123

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiaries
Consolidated Statements of Operations
Three and Nine Months Ended January 31,
(Unaudited)

	2012		2011	
	Three Months	Nine Months	Three Months	Nine Months
Revenues	$ 8,420,135	$ 29,095,949	$ 11,873,417	$ 35,566,166
Costs and expenses:				
Cost of sales	6,749,616	22,010,316	8,970,185	27,126,744
Engineering	181,142	560,505	250,362	763,364
Research and development	-	-	134,257	1,893,856
Selling, general and administrative	3,149,333	9,978,428	3,173,348	9,230,287
Impairment of capitalized software	2,387,241	2,387,241	-	-
	12,467,332	34,936,490	12,528,152	39,014,251
Loss from operations	(4,047,197)	(5,840,541)	(654,735)	(3,448,085)
Other income (expense):				
Interest expense, net	(100,077)	(298,294)	(104,876)	(183,519)
Currency gain (loss)	(30,456)	(71,727)	(54,011)	(138,640)
Other income (expense), net	-	-	(20,000)	(17,015)
Total other expense, net	(130,533)	(370,021)	(178,887)	(339,174)
Loss before income taxes	(4,177,730)	(6,210,562)	(833,622)	(3,787,259)
Income tax expense	4,881	4,881	5,116	5,116
Net loss	$ (4,182,611)	$ (6,215,443)	$ (838,738)	$ (3,792,375)
Net loss per share of common stock				
Basic	$ (.39)	$ (.59)	$ (.09)	$ (.43)
Diluted	$ (.39)	$ (.59)	$ (.09)	$ (.43)

See accompanying notes to consolidated financial statements.

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

	2012	2011
Cash flows from operating activities:		
Net loss	$ (6,215,443)	$ (3,792,375)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	525,699	779,646
Bad debt expense (recovery)	17,885	(4,444)
Stock-based compensation expense	378,523	461,416
Gain on sale of property and equipment	-	(2,472)
Impairment of software development costs	2,387,241	-
Changes in assets and liabilities:		
Decrease in accounts receivable	1,849,199	1,775,567
Decrease in inventories	2,138,100	1,763,709
Decrease (increase) in other current assets	30,992	(241,241)
Decrease in other assets	29,150	21,624
Decrease in accounts payable	(2,239,106)	(1,324,099)
Increase (decrease) in accrued liabilities	18,427	(1,033,312)
Net cash used in operating activities	(1,079,333)	(1,595,981)
Cash flows from investing activities:		
Acquisition of business	(211,053)	(432,074)
Additions to property and equipment	(223,948)	(135,210)
Software development cost	(907,069)	(768,024)
Proceeds from sale of property and equipment	-	9,985
Net cash used in investing activities	(1,342,070)	(1,325,323)
Cash flows from financing activities:		
Net proceeds (payments) of borrowings under revolving credit line	(683,051)	1,366,934
Net proceeds (payments) of note payable to related party	500,000	(500,000)
Net proceeds from sale of common shares under stock option plan	-	12,800
Net proceeds from sale of common stock	2,997,875	-
Net cash provided by financing activities	2,814,824	879,734
Net increase (decrease) in cash and cash equivalents	393,421	(2,041,570)
Cash and cash equivalents at beginning of period	345,105	2,507,456
Cash and cash equivalents at end of period	$ 738,526	$ 465,886
Supplemental disclosure of non-cash financing activities:		
Borrowings from and repayments to related party	$ 1,500,000	$ -
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 277,212	$ 179,273
Income taxes	$ 4,881	$ 5,116

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiaries
Notes to Consolidated Financial Statements
January 31, 2012 and 2011
(Unaudited)

(1) Basis of Presentation

The information for the three and nine months ended January 31, 2012 and 2011 is unaudited, but includes all adjustments (consisting 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, 2011 included in the Company's 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The April 30, 2011 balance sheet has been derived from these statements.

The consolidated financial statements for the three and nine months ended January 31, 2012 and 2011 have been prepared in conformity with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

As discussed in Note 9, the Company entered into financing agreements to address short-term liquidity needs. Also, as discussed in Note 10, on May 11, 2011, the Company entered into a securities purchase agreement with certain investors and received approximately $2,998,000 in net proceeds in connection with the agreement on May 17, 2011. On March 9, 2012, the Company received an offer to sell a portfolio of patents. If this sale is consummated, the net proceeds will allow the Company to reduce debt and acquire inventory on a more programmed basis. However, there can be no assurance that the Company will consummate this transaction which is still subject to final documentation and closing. Based on the cash provided by the securities purchase agreement and the cash flows expected to be provided from the sale of the patents along with the cash flows projected to result from the Company's operations, management has concluded that the Company's short-term liquidity needs have been satisfied. There can be no assurance, however, that in the short-term, realized revenues will be in line with the Company's projections. Actual results may differ from such projections and are subject to certain risks including, without limitation, risks arising from: an adverse change in general economic conditions, changes in the price of memory chips, changes in the demand for memory systems for workstations and servers, changes in the demand for storage caching subsystems, increased competition in the memory systems and storage industries and other factors described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. Management continues to evaluate the Company's liquidity needs and expense structure and adjust its business plan as necessary. In order to satisfy long-term liquidity needs, the Company will need to generate profitable operations and positive cash flows.

(2) Summary of Significant Accounting Policies

Use of Estimates

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 income tax asset valuation allowance and other operating allowances and accruals. Actual results could differ from those estimates.

Engineering and Research and Development

Research and development costs are expensed as incurred. Development costs of a computer software product to be sold, leased, or otherwise marketed are subject to capitalization beginning when a product's technological feasibility has been established and ending when a product is available for general release to customers. Technological feasibility of a computer software product is established when all planning, designing, coding and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features and technical performance requirements are completed. The Company has been developing computer software for its XcelaSAN storage caching product line. On November 4, 2010, the Company determined that technological feasibility of the product was established, and development costs totaling approximately $2,387,000 were capitalized. During fiscal 2012's third quarter ended January 31, 2012 the Company continued to market the XcelaSAN product. During the third quarter of fiscal 2012 the XcelaSAN product was available for general release and generated approximately $8,000 of revenue. The Company has determined based on the estimated future net realizable value for the expected periods of benefit that the carrying value of capitalized software development cost are impaired. In order to properly market the XcelaSAN product to potential users, the Company would require substantial resources which are not readily available to the Company. This lack of resources further impairs the future net realizable value of the capitalized asset. As such, all previously capitalized software development costs in the amount of approximately $ 2,387,000 were expensed in the quarter ended January 31, 2012.

Income taxes

The Company utilizes the asset and liability method of accounting for income taxes in accordance with the provisions of the Expenses – Income Taxes Topic of the FASB ASC. Under the asset and liability method, deferred income 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 income 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 income 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 income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that the tax rate changes. The Company recognizes, in its consolidated financial statements, the impact of a tax position, if that position is more likely than not to be sustained on audit, based on technical merits of the position. There are no material unrecognized tax positions in the financial statements. As of January 31, 2012 the Company had Federal and State net operating loss (NOL) carry-forwards of approximately $17.1 million and $15.1 million, respectively. These can be used to offset future taxable income and expire between 2023 and 2031 for Federal tax purposes and 2016 and 2031 for state tax purposes. The Company's NOL carry-forwards are a component of its deferred income tax assets which are reported net of a full valuation allowance in the Company's consolidated financial statements at January 31, 2012 and at April 30, 2011.

Net loss per share

Basic net loss per share is computed by dividing the net 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 three and nine months ended January 31, 2012 and 2011 includes only the weighted average number of shares of common stock outstanding. The denominator excludes the dilutive effect of stock options and warrants 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 loss per share for the three and nine month periods ended January 31, 2012 and 2011:

	Three Months ended January 31, 2012		
	Net Loss (numerator)	**Shares (denominator)**	**Per share amount**
Basic net loss per share – net loss and weighted average common shares outstanding	$ (4,182,611)	10,703,309	$ (.39)
Effect of dilutive securities – stock options	—	—	—
Effect of dilutive securities – warrants	—	—	—
Diluted net loss per share – net loss, weighted average common shares outstanding and effect of stock options and warrants	$ (4,182,611)	10,703,309	$ (.39)

	Three Months ended January 31, 2011		
	Net Loss (numerator)	**Shares (denominator)**	**Per share amount**
Basic net loss per share – net loss and weighted average common shares outstanding	$ (838,738)	8,928,309	$ (.09)
Effect of dilutive securities – stock options	—	—	—
Diluted net loss per share – net loss, weighted average common shares outstanding and effect of stock options	$ (838,738)	8,928,309	$ (.09)

	Nine Months ended January 31, 2012		
	Net Loss (numerator)	**Shares (denominator)**	**Per share amount**
Basic net loss per share – net loss and weighted average common shares outstanding	$ (6,215,443)	10,600,410	$ (.59)
Effect of dilutive securities – stock options	—	—	—
Effect of dilutive securities – warrants	—	—	—
Diluted net loss per share – net loss, weighted average common shares outstanding and effect of stock options and warrants	$ (6,215,443)	10,600,410	$ (.59)

	Nine Months ended January 31, 2011		
	Loss (numerator)	**Shares (denominator)**	**Per share amount**
Basic net loss per share – net loss and weighted average common shares outstanding	$ (3,792,375)	8,921,642	$ (.43)
Effect of dilutive securities – stock options	—	—	—
Diluted net loss per share – net loss, weighted average common shares outstanding and effect of stock options	$ (3,792,375)	8,921,642	$ (.43)

Diluted net loss per common share for the three and nine month periods ended January 31, 2012 and 2011 do not include the effect of options to purchase 1,986,300 and 1,971,700 shares, respectively, of common stock because they are anti-dilutive. Diluted net loss per common share for the three and nine month periods ended January 31, 2012 and 2011 do not include the effect of warrants to purchase 1,331,250 and nil shares, respectively, of common stock 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 and nine months ended January 31, 2012 and 2011, the Company did not repurchase any shares of its common stock. As of January 31, 2012, 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 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. 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. No further options may be granted under this plan.

The Company also has a 2011 incentive and non-statutory stock option plan for the purpose of permitting certain key employees and consultants to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. No executive officer or director of the Company is eligible to receive options under the 2011 plan. In general, the plan allows granting of up to 200,000 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. 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 also grants nonqualified stock options to certain new key employees of the Company as a component of the Company's offer of employment. These options are granted to promote the growth and profitability of the Company by attracting key employees. The options granted to these new employees are exercisable at a price representing the fair value at the date of grant and expire five years after date of grant. Options granted vest ratably on the annual anniversary date of the grants. Vesting periods for options currently granted range from one to two 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. Vesting periods for options currently granted range from one to two years.

On September 23, 2010, the Company granted Mr. Sheerr, who is employed by the Company as the General Manager of the acquired MMB business unit described in Note 3 and is an executive officer of the Company, nonqualified stock options to purchase 100,000 shares of the Company's common stock pursuant to his employment agreement. On September 22, 2011 the Company granted Mr. Sheerr additional nonqualified stock options to purchase 100,000 shares of the Company's common stock, also pursuant to his employment agreement. The options granted are exercisable at a price representing the fair value at the date of grant and expire five years after date of grant. The options vest in one year.

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

As required by the Compensation - Stock Compensation Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), 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 are accounted for using a fair value-based method with a recognition of an expense for compensation cost related to share-based payment arrangements, including stock options and employee stock purchase plans.

Our consolidated statements of operations for the three and nine month periods ended January 31, 2012 include approximately $95,000 and $379,000 of stock-based compensation expense, respectively. Fiscal 2011's three and nine month periods ended January 31, 2011 include approximately $148,000 and $461,000 of stock-based compensation expense, respectively. These stock option grants have been classified as equity instruments, and as such, a corresponding increase has been reflected in additional paid-in capital in the accompanying consolidated balance sheets. 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 for the nine months ended January 31, 2012 is as follows:

	Shares	Weighted average exercise price	Weighted average remaining contractual life (1)	Aggregate intrinsic value
Balance April 30, 2011	1,849,200	$ 2.88	5.91	$ 88,000
Granted	288,000	$ 1.10		
Exercised	0			
Expired	(200,900)	$ 5.46		
Balance January 31, 2012	1,936,300	$ 2.34	5.60	-
Exercisable January 31, 2012	1,040,300	$ 2.64	5.16	
Expected to vest January 31, 2012	1,839,000	$ 2.34	5.60	

(1) This amount represents the weighted average remaining contractual life of stock options in years.

As of January 31, 2012, there was approximately $318,000 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of approximately eleven months.

b. Other Stock Options

On June 30, 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 of $2.60 per share which was the fair value at the date of grant, were 100% exercisable on the date of grant and expire ten years after the date of grant.

(3) 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 subsequent four years from acquisition date of earnings before interest, taxes, depreciation and amortization of the MMB business Unit. For the three and nine month period ended January 31, 2012, this amount totaled approximately nil and $211,000, respectively. The net assets acquired by the Company were recorded at their respective fair values under the purchase method of accounting. The results of operations of MMB for the period from the acquisition date, March 31, 2009, through January 31, 2012 have been included in the consolidated results of operations of the Company.

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

(4) Related Party Transactions

During the nine month periods ending January 31, 2012 and 2011, the Company purchased inventories for resale totaling approximately $3,628,000 and $1,232,000, respectively, from Sheerr Memory, LLC (“Sheerr Memory”). Sheerr Memory’s owner (“Mr. Sheerr”) is employed by the Company as the general manager of the acquired MMB business unit described in Note 4 and is an executive officer of the Company. When the Company acquired certain assets of MMB, it did not acquire any of its inventories. 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 nil and $1,131,000, respectively, of accounts payable in the Company’s consolidated balance sheets as of January 31, 2012 and April 30, 2011 is payable to Sheerr Memory. Sheerr 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 Sheerr Memory subsequent to January 31, 2012 and management anticipates that the Company will continue to do so, although the Company has no obligation to do so.

On February 24, 2010, the Company entered into a Note and Security Agreement with Mr. Sheerr. Under the agreement, the Company borrowed the principal sum of $1,000,000 for a period of six months, which the Company could extend for an additional three months without penalty. The loan bore interest at the rate of 5.25%. Interest was payable monthly, and the entire principal amount was payable in the event of the employee’s termination of employment by the Company. The loan was secured by a security interest in all machinery, equipment and inventory of Dataram at its Montgomeryville, PA location. The loan was paid in full on August 13, 2010.

On July 27, 2010, the Company entered into an agreement with Sheerr Memory to consign a formula-based amount of up to $3,000,000 of certain inventory into the Company's manufacturing facilities. The agreement was amended on December 5, 2011. The amendment changed the term of the agreement from twenty four months to twenty nine months. The Company is obligated to pay monthly a fee equal to 0.833% of the average daily balance of the purchase cost of the consigned products held by Sheerr Memory under the agreement. The Company is obligated to purchase any consigned products acquired by Sheerr Memory under the agreement within ninety days of the acquisition date of the product. The Company and Sheerr Memory must jointly agree to the products to be held in consignment under the agreement. On December 14, 2011, the Company repaid the loan in full. No further financing is available to the Company under this agreement.

On December 14, 2011, the Company entered into a new Note and Security Agreement with Mr. Sheerr. The agreement provides for secured financing of up to $2,000,000. The Company is obligated to pay monthly, interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance. Principal is payable in sixty equal monthly installments, beginning on July 15, 2012. The Company may prepay any or all sums due under this agreement at any time without penalty. On closing, the Company borrowed $1,500,000 under the agreement and repaid in full the $1,500,000 due under the previously described agreement that the Company entered into with Sheerr Memory on July 27, 2010. As of January 31, 2012 the Company has borrowed the full $2,000,000 under this agreement. Interest payable to Mr. Sheerr on January 31, 2012 was $16,660.

(5) Cash and Cash Equivalents

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

(6) Accounts Receivable

Accounts receivable consists of the following categories:

	January 31, 2012	April 30, 2011
Trade receivables	$ 2,830,000	$ 4,643,000
VAT receivable	158,000	212,000
Allowance for doubtful accounts and sales returns	(225,000)	(225,000)
	$ 2,763,000	$ 4,630,000

(7) Inventories

Inventories are valued at the lower of cost or market, with costs determined by the first-in, first-out method. Inventories at January 31, 2012 and April 30, 2011 consist of the following categories:

	January 31, 2012	April 30, 2011
Raw materials	$ 1,992,000	$ 3,229,000
Work in process	40,000	36,000
Finished goods	1,292,000	2,197,000
	$ 3,324,000	$ 5,462,000

(8) Intangible Assets and Goodwill

Intangible assets with determinable lives, other than customer relationships and software development costs are amortized on a straight-line basis over their estimated period of benefit, ranging from four to five years. Customer relationships are amortized over a two-year period at a rate of 65% of the gross value acquired in the first year subsequent to their acquisition and 35% of the gross value acquired in the second year. We evaluate the recoverability of intangible assets periodically and take into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists. All of our intangible assets with definitive lives are subject to amortization. Goodwill is tested for impairment on an annual basis and between annual tests if indicators of potential impairment exist, using a fair-value-based approach. The date of our annual impairment test is March 1.

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 for the three and nine months ended January 31, 2012 totaled approximately $41,000 and $123,000, respectively. Intangible assets amortization expense for the three and nine months ended January 31, 2011 totaled approximately $107,000 and $322,000, respectively. Intangible asset amortization is included in selling, general and administrative expense. The components of finite-lived intangible assets acquired are as follows:

	Weighted Average Life	January 31, 2012	April 30, 2011
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
Software development costs (a)		0	1,480,000
Total gross carrying amount		1,559,000	3,039,000
Less accumulated amortization expense		1,222,000	1,099,000
Net intangible assets		$ 337,000	$ 1,940,000

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

Year ending April 30:	
2012	$ 164,000
2013	162,000
2014	134,000
	$ 460,000

(a) XcelaSAN capitalized costs were determined to be impaired during fiscal 2012's third quarter ended January 31, 2012 and approximately $ 2,387,000 was expensed in the current quarter.

(9) Financing Agreements

On February 24, 2010, the Company entered into a Note and Security Agreement with Mr. Sheerr. Under the agreement, the Company borrowed the principal sum of $1,000,000 for a period of six months, which the Company could extend for an additional three months without penalty. The interest rate on the loan was 5.25%, payable monthly. The loan was paid in full on August 13, 2010. No further financing is available to the Company under this agreement.

On July 27, 2010, the Company entered into a secured credit facility with a bank, which provides for up to a $5,000,000 revolving credit line. Advances under the facility are limited to 80% of eligible receivables, as defined in the agreement. The agreement does not have a fixed term. The bank may demand immediate repayment of all loans at any time, provided that if the Company is not in default under the agreement it has ninety days to repay the amounts demanded. The agreement provides for Prime Rate loans at an interest rate equal to the Prime Rate plus two percent, subject to a minimum interest rate of five and one quarter percent. The Company is required to pay a monthly maintenance fee equal to six-tenths of one percent (0.6%) of the monthly average principal balance of any borrowings under the facility in the prior month. The agreement contains certain restrictive covenants, specifically a minimum tangible net worth covenant and certain other covenants, as defined in the agreement. At January 31, 2012, the Company was in default of the Tangible Net Worth covenant. As a result, the bank has issued a waiver of this default. On March 2, 2012, the Company entered into an amendment of the July 27, 2010 secured credit facility which reduced the amount available under the credit facility to $3,500,000 and redefined the Tangible Net Worth covenant reducing it to a minimum of $2,000,000. At January 31, 2012, the Company had approximately $13,000 of additional financing available to it under the terms of the agreement.

On July 27, 2010, the Company entered into an agreement with Sheerr Memory to consign a formula-based amount of up to $3,000,000 of certain inventory into the Company's manufacturing facilities. The agreement was amended on December 5, 2011. The amendment changed the term of the agreement from twenty four months to twenty nine months. The Company is obligated to pay monthly a fee equal to 0.833% of the average daily balance of the purchase cost of the consigned products held by Sheerr Memory under the agreement. On December 14, 2011, the Company repaid the loan in full. No further financing is available to the Company under this agreement.

On December 14, 2011, the Company entered into a Note and Security Agreement with Mr. Sheerr, an employee and executive officer of the Company. The agreement provides for secured financing of up to $2,000,000. The Company is obligated to pay monthly, interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance.Principal is payable in sixty equal monthly installments, beginning on July 15, 2012. The Company may prepay any or all sums due under this agreement at any time without penalty. On closing, the Company borrowed $1,500,000 under the agreement and repaid in full the $1,500,000 due under the previously described agreement that the Company entered into with Sheerr Memory on July 27, 2010. As of January 31, 2012 the Company has borrowed the full $2,000,000 under this agreement. Principal amounts due under this obligation are $33,333 per month beginning on July 15, 2012. For the next fiscal period following January 31, 2012 the principal amount due under this obligation is $233,333. In each of four fiscal periods from February 1, 2013 thru January 31, 2017 the principal amounts due under this obligation are $400,000. In the fiscal period from February 1, 2017 thru June 30, 2017 the principal amount due on this obligation is $166,667.

(10) Securities Purchase Agreement

On May 11, 2011, the Company and certain investors entered into a securities purchase agreement in connection with a registered direct offering, pursuant to which the Company agreed to sell an aggregate of 1,775,000 shares of its common stock and warrants to purchase a total of 1,331,250 shares of its common stock to such investors for aggregate net proceeds, after deducting fees to the Placement Agent and other estimated offering expenses payable by the Company, of approximately $2,998,000. The common stock and warrants were sold in fixed combinations, with each combination consisting of one share of common stock and 0.75 of one warrant, with each whole warrant exercisable for one share of common stock. The purchase price was $1.88 per fixed combination. The warrants will become exercisable six months and one day following the closing date of the Offering and will remain exercisable for five years thereafter at an exercise price of $2.26 per share. The exercise price of the warrants is subject to adjustment in the case of stock splits, stock dividends, combinations of shares and similar recapitalization transactions. The exercisability of the warrants may be limited if, upon exercise, the holder or any of its affiliates would beneficially own more than 4.99% of the Company's common stock. After the one year anniversary of the initial exercise date of the warrants, the Company will have the right to call the warrants for cancellation for $.001 per share in the event that the volume weighted average price of the Company's common stock for 20 consecutive trading days exceeds $4.52. On May 17, 2011, this transaction closed. The Company's Statement of Stockholder's Equity for the nine month period ended January 31, 2012 is as follows:

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
Balance at April 30, 2011	8,928,309	$ 8,928,309	$ 8,621,729	$ (10,168,878)	$ 7,381,160
Issuance of shares under Registered Direct Offering	1,775,000	1,775,000	1,222,875		2,997,875
Net loss				(6,215,443)	(6,215,443)
Stock-based compensation expense			378,523		378,523
Balance at January 31, 2012	10,703,309	$ 10,703,309	$ 10,223,127	$ (16,384,321)	$ 4,542,115

(11) Financial Information by Geographic Location

The Company currently operates in one business segment that 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 and six months ended January 31, 2012 and 2011 by geographic region are as follows:

	Three months ended January 31, 2012	Nine months ended January 31, 2012
United States	$ 6,092,000	$ 23,358,000
Europe	1,463,000	3,886,000
Other (principally Asia Pacific Region)	865,000	1,852,000
Consolidated	$ 8,420,000	$ 29,096,000

	Three months ended January 31, 2011	Nine months ended January 31, 2011
United States	$ 9,337,000	$ 28,626,000
Europe	1,648,000	4,130,000
Other (principally Asia Pacific Region)	888,000	2,810,000
Consolidated	$ 11,873,000	$ 35,566,000

Long-lived assets consist of property and equipment and intangible assets. Long-lived assets and total assets by geographic region as of January 31, 2012 are as follows:

	January 31, 2012	
	Long-lived assets	Total assets
United States	$ 2,656,000	$ 9,546,000
Europe	0	22,000
Other	0	9,000
Consolidated	$ 2,656,000	$ 9,577,000

(12) 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.

(13) Subsequent Events

In connection with the consolidation of the Company's manufacturing facilities the Company's lease expired in Ivyland, PA. The landlord has filed suit against the Company claiming damages related to restoring the demised premises to its original condition and unpaid rent. The Company believes the amounts claimed for the restoration of the demised premises is without merit and plans to defend its position aggressively. The Company believes that any amounts paid in this matter will not have a material effect on the Company's financial condition.

On March 2, 2012, the Company amended its secured credit facility with its bank which reduced the credit available under the facility from $5,000,000 to $3,500,000 and redefined the Tangible Net Worth covenant. Based on the Company's twelve month projections, the reduction in credit facility will not affect the Company's ability to borrow the maximum amount allowed based on the advance formula. At January 31, 2012, the Company was in default of the Tangible Net Worth covenant which has been waived by the bank.

On March 9, 2012, the Company received an offer to sell a portfolio of patents. If this sale is consummated, the net proceeds will allow the Company to reduce debt and acquire inventory on a more programmed basis. However, there can be no assurance that the Company will consummate this transaction which is still subject to final documentation and closing.

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 is continuing to market a line of high performance storage caching products.

The Company's 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, Europe and Japan.

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

As of January 31, 2012, cash and cash equivalents amounted to approximately $739,000 and working capital amounted to approximately $3,653,000, reflecting a current ratio of 2.1. This compares to cash and cash equivalents of approximately $345,000 and working capital of approximately $3,125,000, reflecting a current ratio of 1.4 as of April 30, 2011.

During the nine month period ended January 31, 2012, net cash used in operating activities totaled approximately $1,079,000. Net loss in the period totaled approximately $6,215,000 and included approximately $2,387,000 of recognized impairment of capitalized software development cost, stock-based compensation expense of approximately $379,000 and depreciation and amortization expense of approximately $526,000. Accounts payable decreased by approximately $2,239,000. Inventories decreased by approximately $2,138,000. Other current assets decreased by approximately $30,000. Trade receivables decreased by approximately $1,849,000, and accrued liabilities increased by approximately $18,000.

Net cash used in investing activities totaled approximately $1,342,000 for the nine month period ended January 31, 2012 and consisted primarily of capitalized software development costs of approximately $907,000, fixed asset additions of approximately $224,000 and $211,000 for the acquisition of a business more fully described in Note 3 to the Consolidated Financial Statements.

Net cash provided by financing activities totaled approximately $2,814,000 for the nine month period ended January 31, 2012 and consisted of proceeds from a sale of common shares, described in Note 10 to the Consolidated Financial Statements, totaling approximately $2,998,000. The Company borrowed $2,000,000 from David Sheerr, and used $1,500,000 to pay in full the amount due "Sheerr Memory". The Company also reduced the amount due on the revolving credit facility, more fully described in Note 10 to the Consolidated Financial Statements totaling approximately $683,000.

On July 27, 2010, the Company entered into an agreement with a financial institution for formula-based secured debt financing of up to $5,000,000. On March 2, 2012, the agreement was amended to reduce the amount available under the credit facility to $3,500,000 which, according to the Company's projections, will be sufficient to allow for maximum borrowing under the formula. The amount of financing available to the Company under the agreement varies with the level of the Company's eligible accounts receivable. At January 31, 2012 the Company had approximately $13,000 of additional financing available to it under the terms of the agreement. The company is currently in negotiations to amend this agreement to better suit the Company's current needs. In addition, the Company continues to seek additional sources of financing to be able to meet the current needs of its customers and acquire additional inventory to increase margins by avoiding the spot market for available memory.

Also, on July 27, 2010, the Company entered into an agreement with a vendor**("**Sheerr Memory**"),** which is wholly-owned by an employee and executive officer of the Company, to consign a formula-based amount of up to $3,000,000 of certain inventory into the Company's manufacturing facilities. As of April 30, 2011, the Company has received financing totaling $1,500,000 under this agreement, of which $1,000,000 was used to repay in full a Note payable to the employee arising from an agreement entered into with the employee in February, 2010 and which expired in August, 2010. On December 14, 2011, the Company repaid the loan in full. No further financing is available to the Company under this agreement.

On May 11, 2011, the Company and certain investors entered into a securities purchase agreement pursuant to which the Company agreed to sell an aggregate of 1,775,000 shares of its common stock and warrants to purchase a total of 1,331,250 shares of its common stock to such investors. The aggregate net proceeds of such offering and sale, after deducting fees to the Placement Agent and other estimated offering expenses payable by the Company, was approximately $2,998,000. The transaction closed on May 17, 2011.

On December 14, 2011, the Company entered into a new Note and Security Agreement with Mr. Sheerr. The agreement provides for secured financing of up to $2,000,000. The Company is obligated to pay monthly, interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance. Principal is payable in sixty equal monthly installments, beginning on July 15, 2012. The Company may prepay any or all sums due under this agreement at any time without penalty. On closing, the Company borrowed $1,500,000 under the agreement and repaid in full the $1,500,000 due under the previously described agreement that the Company entered into with Sheerr Memory on July 27, 2010. On January 31, 2012 the Company has borrowed the full $2,000,000 available under this agreement. Principal amounts due under this obligation are $33,333 per month beginning on July 15, 2012. For the next fiscal period following January 31, 2012 the principal amount due under this obligation is $233,333. In each of four fiscal periods from February 1, 2013 thru January 31, 2017 the principal amounts due under this obligation are $400,000. In the fiscal period from February 1, 2017 thru June 30, 2017 the principal amount due on this obligation is $166,667.

The Company is currently seeking additional financing from lenders who have the ability to increase advance rates on domestic receivables, lend on foreign receivables and advance funds against future credit card sales. In addition, the Company received an offer to sell a portfolio of patents. If this sale is consummated, the net proceeds will allow the Company to reduce debt and acquire inventory on a more programmed basis. There can be no assurance that the Company will consummate such transactions. In addition, there can be no assurance that in the short-term, realized revenues will be in line with the Company's projections. Actual results may differ from such projections and are subject to certain risks including, without limitation, risks arising from: an adverse change in general economic conditions, changes in the price of memory chips, changes in the demand for memory systems for workstations and servers, changes in the demand for storage caching subsystems, increased competition in the memory systems and storage industries and other risk factors described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission**.**

Future minimum lease payments under non-cancellable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2011 are as follows:

Year ending April 30		
2012	$	272,000
2013		352,000
2014		365,000
2015		374,000
2016		368,000
Thereafter		147,000
Total minimum lease payments	$	1,878,000

There have been no material changes in the Company's operating leases since April 30, 2011. The Company has no other material commitments.

Results of Operations

Revenues for the three month period ended January 31, 2012 were approximately $8,420,000 compared to revenues of approximately $11,873,000 for the comparable prior year period. Revenues for the first nine months of the current fiscal year were approximately $29,096,000 compared to revenues of approximately $35,566,000 for the comparable prior year period. The decrease in revenues from the prior year was primarily a result of a decrease in average selling prices attributable to a decline in the price of DRAM chips, the primary raw material used in the Company's products. The average purchase price of DRAM chips that the Company uses in its products declined by approximately 35% year over year.

Revenues for the three and nine months ended January 31, 2012 and 2011 by geographic region are as follows:

	Three months ended January 31, 2012	Nine months ended January 31, 2012
United States	$ 6,092,000	$ 23,358,000
Europe	1,463,000	3,886,000
Other (principally Asia Pacific Region)	865,000	1,852,000
Consolidated	$ 8,420,000	$ 29,096,000

	Three months ended January 31, 2011	Nine months ended January 31, 2011
United States	$ 9,337,000	$ 28,626,000
Europe	1,648,000	4,130,000
Other (principally Asia Pacific Region)	888,000	2,810,000
Consolidated	$ 11,873,000	$ 35,566,000

Cost of sales for the third quarter and first nine months of fiscal 2012 was approximately $6,750,000 and $22,010,000, respectively versus approximately $8,970,000 and $27,127,000, respectively in the prior year comparable periods. Cost of sales as a percentage of revenues for the third quarter and first nine months of fiscal 2012 were 80% and 76% of revenues, respectively versus 76% for the same respective prior year periods. The increase in cost of sales as a percentage of revenues in the current third quarter period was primarily the result of the Company's efforts to reduce inventory levels. During the third quarter the Company decided to acquire the majority of raw materials from the spot market, resulting in reduced inventory levels at January 31, 2012 and a higher raw material cost as a percentage of revenues for the quarter ended January 31, 2012. The Company also established an inventory reserve of approximately $273,000 for inventory related to our XcelaSAN product line.

Engineering expense in fiscal 2012's third quarter and nine months was approximately $181,000 and $561,000, respectively, versus approximately $250,000 and $763,000 for the same respective prior year periods. The reduction of engineering expense is primarily the result of a reduction in the number of employees.

Research and development expense in fiscal 2012's third quarter and nine months was nil versus approximately $134,000 and $1,894,000, respectively, in the same prior year periods. The Company capitalized approximately $907,000 of XcelaSAN development cost in the first six months of the current fiscal year. The Company capitalized approximately $1,480,000, of XcelaSAN research and development costs in the prior fiscal year. Research and development expense includes payroll, employee benefits, stock-based compensation expense, and other headcount-related expenses associated with product development. Research and development expense also includes third-party development and programming costs. During fiscal 2012's third quarter ended January 31, 2012 the Company continued to market the XcelaSAN product.

Selling, general and administrative (S,G&A) expense in fiscal 2012's third quarter and nine months totaled approximately $3,149,000 and $9,978,000, respectively versus approximately $3,173,000 and $9,230,000 for the same prior year periods. The increase in fiscal 2012 expense is primarily the result of approximately $1,614,000 increased selling and marketing expenses related to the Company's XcelaSAN product line in the first six months of the current fiscal year.

During the third quarter of fiscal 2012 the XcelaSAN product was available for general release and generated approximately $8,000 of revenue, which was significantly lower than expected. The Company capitalized approximately $907,000 of XcelaSAN development cost in the first six months of the current fiscal year. The Company capitalized approximately $1,480,000 of XcelaSAN research and development costs in the prior fiscal year. The company has determined based on the estimated future net realizable value for the expected periods of benefit that the carrying value of capitalized software development cost are impaired. As such, approximately $2,387,000 of capitalized software development cost was written down to zero.

Other income (expense), net for the third quarter and nine months totaled approximately $131,000 and $370,000 of expense, respectively, for fiscal 2012, and expense of approximately $179,000 and $339,000, for the same respective periods in fiscal 2011. Other expense in fiscal 2012's third quarter consisted primarily of interest expense of approximately $100,000 and $30,000 of foreign currency transaction losses, primarily as a result of the EURO weakening relative to the US dollar. Nine month other expense of approximately $370,000 consisted of $298,000 of interest expense and $71,000 of foreign currency transaction losses, primarily as a result of the EURO weakening relative to the US dollar. Other expense in fiscal 2011's third quarter consisted primarily of interest expense of approximately $105,000 and $54,000 of foreign currency transaction losses, primarily as a result of the EURO weakening relative to the US dollar. Nine month other expense of approximately $339,000 consisted primarily of $184,000 of interest expense and $139,000 of foreign currency transaction losses, primarily as a result of the EURO weakening relative to the US dollar.

Income tax expense for the third quarter and nine months of fiscal 2012 and 2011 were approximately $5,000 and consisted of state minimum tax payments. The Company utilizes the asset and liability method of accounting for income taxes in accordance with the provisions of the Expenses – Income Taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the asset and liability method, deferred income 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 the Company determines that it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The Company considers certain tax planning strategies in its assessment as to the recoverability of its deferred income tax assets. In each reporting period, the Company assesses, based on the weight of all evidence, both positive and negative, whether a valuation allowance on its deferred income tax assets is warranted. Based on the assessment conducted in the Company's reporting period ended January 31, 2010, the Company concluded that such an allowance was warranted and, accordingly, recorded a valuation allowance of approximately $5.8 million in that reporting period. Deferred income 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. As of April 30, 2011 the Company had Federal and State net operating loss (NOL) carry-forwards of approximately $17.1 million and $15.1 million, respectively. These can be used to offset future taxable income and expire between 2023 and 2031 for Federal tax purposes and 2016 and 2031 for state tax purposes. The Company's NOL carry-forwards are a component of its deferred income tax assets which are reported net of a full valuation allowance in the Company's consolidated financial statements at January 31, 2012 and at April 30, 2011.

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, 2011, 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. Estimated warranty costs are accrued by management upon product shipment based on an estimate of future warranty claims.

Research and Development Expense - 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. Development costs of a computer software product to be sold, leased, or otherwise marketed are subject to capitalization beginning when a product's technological feasibility has been established and ending when a product is available for general release to customers. Technological feasibility of a computer software product is established when all planning, designing, coding and testing activities that are necessary to establish that the product can be produced to meet its design specifications (including functions, features and technical performance requirements) are completed. The Company had been developing computer software for its XcelaSAN storage caching product line. On November 4, 2010, the Company determined that technological feasibility of the product was established, and development costs subsequent to that date have been capitalized. Prior to November 4, 2010, the Company expensed all development costs related to this product line. In the third quarter of fiscal 2012 when the product was made available for general release to customers, we discontinued capitalizing development costs.

Income Taxes - The Company utilizes the asset and liability method of accounting for income taxes in accordance with the provisions of the Expenses – Income Taxes Topic of the FASB ASC. Under the asset and liability method, deferred income 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 income 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 income 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 income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that the tax rate changes. The Company recognizes, in its consolidated financial statements, the impact of a tax position, if that position is more likely than not to be sustained on audit, based on technical merits of the position. There are no material unrecognized tax positions in the financial statements.

Goodwill - Goodwill is tested for impairment on an annual basis and between annual tests if indicators of potential impairment exist, using a fair-value-based approach. The date of our annual impairment test is March 1.

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 income 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 income 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. At times, the Company's cash equivalents consist of overnight deposits with banks and money market accounts. 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 January 31, 2012 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

In connection with the consolidation of the Company’s manufacturing facilities the Company’s lease expired in Ivyland, PA. The landlord has filed suit against the Company claiming damages related to restoring the demised premises to its original condition and unpaid rent. The Company believes the amounts claimed for the restoration of the demised premises is without merit and plans to defend its position aggressively. The Company believes than any amounts paid in this matter will not have a material effect on the Company”s financial condition.

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 5. OTHER INFORMATION.

Form 8-K filed March 2, 2012 to report amendment of Loan and Security Agreement.

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 Marc P. Palker.
32(a)	Section 1350 Certification of John H. Freeman (furnished not filed).
32(b)	Section 1350 Certification of Marc P. Palker (furnished not filed).
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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 16, 2012

By: /s/ Marc P. Palker
Marc P. Palker
(Chief 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: March 16, 2012

/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, Marc P. Palker, 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: March 16, 2012

/s/ Marc P. Palker
Marc P. Palker
Chief Financial Officer
(Principal Financial & Accounting Officer)

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 October 31, 2011, as filed with the Securities and Exchange Commission (the “Report”), John H. Freeman, Chief Executive Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 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.

March 16, 2012

/s/ John H. Freeman
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 October 31, 2011, as filed with the Securities and Exchange Commission (the “Report”), Mark E. Maddocks, Chief Financial Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 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.

March 16, 2012

/s/ Marc P. Palker
Marc P. Palker
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.]