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

FORM 10-K

(Mark One)

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

For the fiscal year ended **April 30, 2012**.

[ ] 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	**22-183140**
State of Incorporation)	(I.R.S. Employer Identification No.)
P.O. Box 7528, Princeton, New Jersey	**08543-7528**
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, $1.00 Par Value	**NASDAQ Stock Market**

Securities registered pursuant to section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

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

The aggregate market value of the Common Stock held by non-affiliates of the registrant calculated on the basis of the closing price as of the last business day of the registrant's most recently completed second quarter, October 31, 2011, was $12,646,463.

The number of shares of Common Stock outstanding on July 25, 2012 was 10,703,309 shares.

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Portions of the Definitive Proxy Statement for the Annual Meeting of Shareholders scheduled to be held on September 27, 2012 (the "Definitive Proxy Statement"), to be filed within 120 days of the end of the fiscal year, are incorporated into Part III hereof.

(2) Annual Report to Security Holders for the Fiscal Year Ended April 30, 2012 (“2012 Annual Report to Security Holders”)

DATARAM CORPORATION

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements.” The words “may,” “will,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “aim,” “seek” and similar expressions as they relate to us or our management are intended to identify these forward-looking statements. All statements by us regarding our expected financial position, revenues, cash flows and other operating results, business strategy, legal proceedings and similar matters are forward-looking statements. Our expectations expressed or implied in these forward-looking statements may not turn out to be correct. Our results could be materially different from our expectations because of various risks, including the risks discussed in this report under “Part I - Item 1A - Risk Factors.” Any forward-looking statement speaks only as of the date as of which such statement is made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances, including unanticipated events or circumstances, occurring or existing after the date as of which such statement was made.

PART I

Item 1. BUSINESS

(a) General development of business.

Dataram Corporation (the "Company") is a developer, manufacturer and marketer of large capacity memory products primarily used in high performance network servers and workstations. The Company is also a developer, manufacturer and marketer of a line of high performance storage caching products. 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 for sale to OEMs and channel assemblers. The Company's memory products are sold worldwide to OEMs, distributors, value-added resellers and end-users. The Company has one leased 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 chips ("DRAMs"). 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 DRAMs.

In fiscal 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 expanded the Company's memory product offerings and routes to market. Its products include memory upgrades for IBM, Sun, HP and Compaq computer systems. MMB also markets and sells new and refurbished factory original memory upgrades manufactured by IBM, Sun, HP and Compaq as well as factory original modules manufactured by Micron, Hynix, Samsung, Elpida and Nanya, and purchases excess memory inventory from other parties as well.

Revenues for fiscal 2012 were $36.1 million compared to $46.8 million in fiscal 2011, a 22.9 percent decrease. This decrease was primarily the result of the reduction in prices of DRAMs. The average selling price of 1 gigabyte of memory decreased approximately 43% to approximately $27.00 for fiscal 2012, compared to approximately $48.00 for fiscal 2011. To a lesser extent, the buildup of IT infrastructure experienced in fiscal 2011 did not continue into fiscal 2012.

Cost of sales was $27.5 million in fiscal 2012 or 76.2 percent of revenues compared to $35.8 million or 76.4 percent of revenues in fiscal 2011. Current and prior fiscal year's cost of sales as a percentage of revenue is considered by management to be within the Company's normal range as evidenced by nominal change as a percentage of revenues combined with the sales decrease. Fluctuations in cost of sales as a percentage of revenues are not unusual, however, and can result from many factors, including rapid changes in the price of DRAMs, or changes in product mix possibly resulting from a large order or series of orders for a particular product or a change in customer mix.

The Company was incorporated in New Jersey in 1967 and made its initial public offering in 1968. Its common stock, $1 par value (the "Common Stock") was listed for trading on the American Stock Exchange in 1981. In 2000 the Company changed its listing to the NASDAQ National Market (now the NASDAQ Stock Market) where its stock trades under the symbol "DRAM." The Company's principal executive office is located at 777 Alexander Park, Princeton, New Jersey 08540, its telephone number is (609) 799-0071, its fax is (609) 799-6734 and its website is located at http://www.dataram.com. Proxy Statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and all amendments thereto, are available on the Company's website free of charge.

(b) Financial information about segments.

The Company operates in one industry segment.

(c) Narrative description of business.

Industry Background

The market for the Company's memory products is principally the buyers and owners of workstations and network servers and the OEMs that manufacture workstations, servers and other products that use embedded computers. These systems have been important to the growth of the Internet.

A workstation, like a PC, is designed to provide computer resources to individual users. A workstation differs from a PC by providing substantially greater computational performance, input/output capability and graphic display. Workstations are nearly always networked. As a result of this networking capability of both workstations and PCs, the network server has grown in importance.

Network servers are computer systems on a network which provide dedicated functions accessible by all workstations and other systems on the same network. Examples of different types of servers in use today are: file servers, communication servers, computation servers, database servers, print servers and storage servers.

The Company designs, produces and markets memory products for workstations and computer servers sold by Sun, HP, IBM, SGI and Dell. Additionally, the Company produces and markets memory for Intel and AMD processor based motherboards for use by OEMs and channel assemblers.

The "open system" philosophy espoused by most of the general computer industry has played a part in enlarging the market for third party vendors. Under the "open system" philosophy, manufacturers adhere to industry design standards, enabling users to "mix and match" hardware and software products from a variety of vendors so that a system can be configured for the user's application in the most economical manner with reduced concern for compatibility and support. Memory products for workstations and servers have become commodities with substantial competition from OEMs and a number of independent memory manufacture suppliers.

Generally, growth in the memory market closely follows both the growth in unit shipments of system vendors and the growth of memory requirements per system.

Management also estimates that in the compatibles market, sales by system vendors constitute 80% of the memory market. To successfully compete with system vendors, the Company must continue to respond to customers' needs in a short time frame. To support customers' needs, the Company has a dedicated and highly automated manufacturing facility that is designed to produce and ship customer orders within twenty-four hours or less.

The OEM market is also an important part of the Company's business. Management believes that increasingly cost conscious OEMs are looking to independent memory suppliers such as the Company for the low-cost supply of memory modules.

Products

The Company's principal business is the development, manufacture and marketing of memory modules which can be added to various enterprise servers and workstations to upgrade or expand the capabilities of such systems. When vendors produce computer systems adhering to open system industry standards, the development effort for the Company and other independent memory manufacturers is straightforward and allows for the use of many standard components. In 2012 the Company marketed its XcelaSAN (“XcelaSAN”) product line. The Company made significant investments in research and development in XcelaSAN. XcelaSAN is a unique intelligent Storage Area Network ("SAN") optimization solution designed to deliver substantive application performance improvement to applications such as Oracle, SQL and VMware. XcelaSAN augments existing storage systems by transparently applying intelligent caching algorithms that serve the most active block-level data from high-speed storage, creating an intelligent, virtual solid state SAN, allowing organizations to dramatically increase the performance of their business-critical applications without the costly hardware upgrades or over-provisioning of storage typically found in current solutions for increased performance. The product was released for sale, however, the Company has not been able to establish a customer base for this product.

The XcelaSAN development team has been reduced to reflect a more operational group than an R&D group. For the twelve months ended April 30, 2012, the Company expensed $2.4 million of capitalized costs related to XcelaSAN. All costs incurred currently are being expensed as incurred.

Our RAMDisk software product creates a virtual RAM drive, or block of memory, which a computer treats as if it were a disk drive. By storing files and programs into memory, a user can speed up internet load times and disk-to-disk activities, accelerate databases and reduce compile times. The product features a save and load option that allows RAMDisk to appear as persistent storage, even through reboots. RAMDisk has developed a strong presence in both the consumer and commercial marketplace. RAMDisk software has also been licensed and integrated into specialized commercial products. RAMDisk is also capable of extending the longevity of expensive solid state storage devices by housing writes which tend to wear out these devices.

The Company’s RAMDisk software continues to see growing downloads and a much higher download to purchase conversion rate than industry standards. We will be focusing on increased new development of RAMDisk in fiscal 2013 as well as greatly expanding our web presence in order to increase revenues and penetrate new markets. The new development will include new features and functions focused on specific market segments, which are expected to further increase the Company’s already significant market share in the RAMDisk software market.

Distribution

The Company sells its memory products to OEM's, distributors, value-added resellers and larger end-users. The Company has sales and/or marketing support offices in New Jersey, Denmark, the United Kingdom, Germany and Japan.

Product Warranty and Service

Management believes that the Company's reputation for the reliability of its memory products and the confidence of prospective purchasers in the Company's ability to provide service over the life of the product are important factors in making sales. As a consequence, the Company adopted many years ago a Lifetime Warranty program for its memory products. The economic useful life of the computer systems to which the Company's memory modules are attached is almost always substantially less than the physical useful life of the Company's memory products. Thus, memory products are unlikely to "wear out." The Company's experience is that less than 1% of all the products it sells are returned under the Lifetime Warranty.

Impact of Thailand Floods on our Operations

In October 2011, Thailand experienced floods which resulted in the cessation of business at several hard drive manufacturing facilities for months. This shut down severely reduced server shipments and raised prices, negatively impacting operations for the Company and other businesses in the computer industry. The Company has worked and will continue to work to minimize the disruption this event has caused to the supply and cost of components used in the Company’s business.

Working Capital Requirements

Credit Facility

On July 27, 2010, the Company entered into an agreement with a financial institution for formula-based secured debt financing of up to $5.0 million. Borrowings are secured by substantially all assets. On March 2, 2012, the agreement was amended to reduce the amount available under the credit facility to $3.5 million which, according to the Company's projections, will be sufficient to allow for maximum borrowing under the formulas provided for in the agreement**.** On May 17, 2012, the agreement was amended and restated. The amended and restated documents reduced the interest rate to prime plus 6%, subject to a minimum of 9.25% and also not less than $8,000 per month. The loan facility allows borrowing of 90% of eligible domestic receivables. In addition, the loan facility now allows borrowing of 90% of eligible foreign receivables to a maximum of $500,000 and 25% of eligible inventory to a maximum of 20% of the amount available on receivable. The total credit line remains at $3.5 million and the Tangible Net Worth covenant is $2.0 million, measured quarterly. The Company agreed to pay an exit fee if it terminates the agreement more than 30 days prior to the one year anniversary of the amended and restated agreement. The amount of financing available to the Company under the agreement varies with the Company's eligible accounts receivable and inventory. Management believes that the aggregate $3.5 million available under this facility, along from other sources as described under "Sale of Intellectual Property" in this report, will be sufficient to satisfy the Company's needs through the end of fiscal 2013.

Plan of Operation

The Company has been experiencing losses due to the decline of DRAM prices and the investment in XcelaSAN. It is uncertain how long the current level of DRAM pricing will continue, or whether or when prices will rise in the near future. Until such time that the Company can raise prices, it will continue to seek other ways to generate profits and cash flow. The Company continues to pursue product diversification, either by development or as a contract manufacturer. Additionally, the Company will continue to identify joint ventures, strategic partnerships and business combination opportunities. There can be no assurance that any of these initiatives will mature to profitability and positive cash flow, or even occur.

Related Party Loans

On July 27, 2010, the Company entered into a Consignment and Purchase Agreement with a vendor, which is wholly owned by an executive officer of the Company and who is also employed by the Company as the General Manager of the Company's MMB division, to consign up to $3.0 million of certain inventory into our manufacturing facilities. On December 14, 2011, this agreement was terminated and the advances received by the Company under this agreement were repaid by the payment of $1.5 million, the then outstanding balance, from proceeds of a new note executed with the same executive officer. The new note provides for up to $2.0 million in advances, and is secured by inventory and is subordinated to the financial institution. On December 14, 2011, the additional $.5 million was advanced to bring the total amount owed to $2.0 million, the maximum allowed under the note. The note is payable monthly, over a 5 year period, commencing on July 15, 2012. The note bears interest at 10% per annum on the outstanding amount.

Sales of Securities

On May 11, 2011, the Company and certain accredited investors entered into a securities purchase agreement (the "Purchase Agreement"). In connection with the Purchase Agreement, 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 additional shares of its common stock for aggregate gross proceeds of approximately $3.34 million. After deducting fees to the Placement Agent and other expenses of approximately $.34 million, the Company received net proceeds of approximately $3.0 million.

Sale of Intellectual Property

On March 30, 2012, the Company completed the sale of 13 patents and two patent applications generating gross proceeds to the Company of $5.0 million before commissions and expenses of $.9 million resulting in net proceeds to the Company of $4.1 million. (Under terms of the sale, Dataram retains a license to continue to use the patents in current and future Dataram products including XcelaSAN, with limited rights to transfer its license.) Management believes that the Company's proceeds from the sale of patents, along with cash from other sources as described under “Credit Facility” in this report, will be sufficient to meet the Company's liquidity needs through the end of the next fiscal year.

DRAM Prices

The memory product business is heavily dependent upon the price of DRAMs. Producers of DRAM are required to invest substantial capital resources to produce their end product. Their marginal cost is low as a percentage of the total cost of the product. As a result, the world-wide market for DRAMs has swung in the past from period to period from oversupply to shortage. During periods of substantial oversupply, the Company has seen falling prices for DRAMs and wide availability of DRAMs allowing the Company to have minimum inventories to meet the needs of customers. During periods of shortage, DRAMs are allocated to customers and the Company must invest heavily in inventory in order to continue to be assured of the supply of DRAMs from vendors. At the present time, the market for DRAMs is balanced, but with spot shortages of certain DRAM configurations.

Memory Product Complexity

DRAM memory products for workstations and enterprise servers have, for many years, been undergoing a process of simplification with a corresponding decline in profit margins for current generation memory products as competitors' entry into the market becomes easier. Memory products for prior generations of workstations and servers are sold with higher margins as few competitors continue to supply memory for those computers.

Engineering

The Company's ability to compete successfully depends upon its ability to identify new memory needs of its customers. To achieve this goal, the Company's engineering group continually monitors computer system vendors' new product developments, and the Company evaluates and tests major components as they become available. The Company designs prototype memory modules and subjects them to reliability testing procedures. During its fiscal year ended April 30, 2012, the Company incurred engineering costs of $740,000 in fiscal 2012, $1,033,000 in fiscal 2011 and $997,000 in fiscal 2010.

Research and Development

Research and development expense in fiscal 2012 was nil versus approximately $1.9 in fiscal 2011 and approximately $4.3 million in fiscal 2010. The Company capitalized approximately $0.9 million of XcelaSAN development cost in the first six months of fiscal 2012. The Company capitalized approximately $1.5 million, of XcelaSAN research and development costs in fiscal 2011. 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.

Impairment of Capitalized Software

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 determined in fiscal 2012’s third quarter based on the estimated future net realizable value for the expected periods of benefit that the carrying value of capitalized software development cost was impaired. As such, approximately $2.4 million of capitalized software development cost was written down to zero.

Raw Materials

The Company purchases industry standard DRAMs. The Company also purchases finished modules from the DRAM manufacturers. In either case, the cost of DRAM chips is the largest single component of the total cost of memory products. Fluctuations in the availability or prices of DRAMs can have a significant impact on the Company's profit.

The Company has created close relationships with a number of primary suppliers while qualifying and developing alternate sources as a backup. The qualification program consists of extensive evaluation of process capabilities, on-time delivery performance and financial stability of each supplier. Alternative sources are qualified to normally assure supply in the event of a problem with the primary source or to handle surges in demand.

Manufacturing

The Company assembles its memory boards at its manufacturing facility in Pennsylvania.

Backlog

The Company expects that all backlog on hand will be filled during the current fiscal year and most in the first quarter of fiscal 2013. The Company's backlog at April 30, 2012 was $626,000, at April 30, 2011 it was $245,000 and at April 30, 2010 it was $1,185,000. Product backlog at any point in time may not translate into net revenue in any subsequent period, as unfilled orders can generally be canceled at any time by the customer.

Seasonality

The Company's business can be seasonal with December and January being the slowest months.

Competition

The intensely competitive computer industry is characterized by rapid technological change and constant pricing pressures. These characteristics are equally applicable to the third party memory market, where pricing is a major consideration in the buying decision. The Company competes with HP, Sun, IBM, and Dell, as well as with a number of third party memory suppliers, including Kingston Technology.

Although many of the Company's competitors possess significantly greater financial, marketing and technological resources, the Company competes favorably based on the buying criteria of price/performance, time-to-market, product quality, reliability, service/support, breadth of product line and compatibility with computer system vendors' technology. The Company's objective is to continue to remain strong in all of these areas with particular focus on price/performance and time-to-market, which management believes are two of the more important criteria in the selection of third party memory product suppliers. Market research and analysis capability by the Company is necessary to ensure timely information on new products and technologies coming from the computer system vendors and from the overall memory market. The Company must continue low cost, high volume production while remaining flexible to satisfy the time-to-market requirement.

The Company believes that its 46-year reputation for providing quality products is an important factor to its customers when making a purchase decision. To strengthen this reputation, the Company has a comprehensive lifetime warranty program which provides customers with added confidence in buying from the Company. See "Business-Product Warranty and Service."

Patents, Trademarks and Licenses

The Company believes that its success depends primarily upon the price and performance of its products rather than on ownership of copyrights or patents.

Sale of memory products for systems that use proprietary memory design can from time to time give rise to claims of copyright or patent infringement. In most such instances the Company has either obtained the opinion of patent counsel that its products do not violate such patents or copyrights or obtained a license from the original equipment manufacturer.

To the best of the Company's knowledge and belief, no Company product infringes any valid copyright or patent. However, because of rapid technological development in the computer industry with concurrent extensive patent coverage and the rapid rate of issuance of new patents, questions of infringement may continue to arise in the future. If such patents or copyrights are perfected in the future, the Company believes, based upon industry practice, that any necessary licenses would be obtainable upon the payment of reasonable royalties.

Employees

As of April 30, 2012, the Company had 49 full-time salaried employees and 24 hourly employees. The Company believes it has satisfactory relationships with its employees. None of the Company's employees are covered by a collective bargaining agreement.

Environmental

Compliance with federal, state and local provisions which have been enacted or adopted to regulate the protection of the environment does not have a material effect upon the capital expenditures, earnings and competitive position of the Company. The Company does not expect to make any material expenditures for environmental control facilities in either the current fiscal year (fiscal 2013) or the succeeding fiscal year (fiscal 2014).

(d) Financial information about geographic area sales.

REVENUES (000's)
Export

Fiscal	U.S.	Europe	Other*	Consolidated
2012	$27,980	$5,393	$2,706	$36,079
2011	$37,400	$6,481	$2,966	$46,847
2010	$35,566	$4,484	$3,970	$44,020

PERCENTAGES
Export

Fiscal	U.S.	Europe	Other*	Consolidated
2012	77.6%	14.9%	7.5%	100.0%
2011	79.9%	13.8%	6.3%	100.0%
2010	80.8%	10.2%	9.0%	100.0%

*Principally Asia Pacific Region

Item 1A. RISK FACTORS

Our business, operating results, financial condition, and prospects are subject to a variety of significant risks, many of which are beyond our control. The following is a description of some of the important risk factors particular to our business and industry that may cause our actual results in future periods to differ substantially from those we currently expect or seek. The risks described below are not the only risks facing us. There are additional risks and uncertainties not currently known to us or that we currently deem to be unlikely or immaterial that also may materially adversely affect our business, operating results, financial condition, or prospects.

WE HAVE INCURRED NET LOSSES IN RECENT YEARS AND OUR FUTURE PROFITABILITY IS NOT ASSURED. For the fiscal years ended April 30, 2012, 2011, and 2010, we incurred net losses of approximately $3.3 million, $4.6 million, and $10.7 million, respectively. Our operating results for future periods are subject to numerous uncertainties and we cannot assure you that we will not continue to experience net losses for the foreseeable future. If we are not able to increase revenue and reduce our costs, we may not be able to achieve profitability.

WE MAY NEED TO OBTAIN ADDITIONAL WORKING CAPITAL FOR CONTINUED PRODUCT DEVELOPMENT. The development of the XcelaSAN product line has required substantial capital investment. The Company believes that it has sufficient capital resources for the continued development of the products. There can be no assurance, however, that such capital resources will be sufficient for the Company's purposes or that those additional sources of capital and or financing will be available if needed. If we require and are unable to raise additional funds, we may need to delay, scale-back or eliminate some or all of our research and product development programs and/or license third parties to develop and commercialize products or technologies that we would otherwise seek to develop and commercialize ourselves.

WE MAY HAVE TO SUBSTANTIALLY INCREASE OUR WORKING CAPITAL REQUIREMENTS IN THE EVENT OF DRAM ALLOCATIONS. Over the past 20 years, availability of DRAMs has swung back and forth from oversupply to shortage. In times of shortage, we have been forced to invest substantial working capital resources in building and maintaining inventory. At such times we have bought DRAMs in excess of our customers' needs in order to ensure future allocations from DRAM manufacturers. In the event of a shortage, we may not be able to obtain sufficient DRAMs to meet customers' needs in the short term, and we may have to invest substantial working capital resources in order to meet long-term customer needs.

WE COULD SUFFER ADDITIONAL LOSSES IF DRAM PRICES CONTINUE TO DECLINE. We are at times required to maintain substantial inventories during periods of shortage and allocation. Thereafter, during periods of increasing availability of DRAMs and rapidly declining prices, we have been forced to write down inventory. There can be no assurance that we will not suffer losses in the future based upon high inventories and declining DRAM prices.

OUR SALES, REVENUES AND RESULTS OF OPERATIONS COULD FLUCTUATE SEASONALLY AND FROM QUARTER TO QUARTER. The demand for our products is somewhat seasonal, with December and January tending to be the slowest months. Moreover, our sales, revenues, and ultimate results of operation may vary for a variety of reasons. Such reasons could include, for example, changes in general economic conditions or consumer demand, the introduction of new products by us or by our competitors, a significant purchase or sale of assets or other business combination or an unanticipated event effecting us or our industry, among other factors. Such variability in operating results may affect credit terms offered to us or affect the value of the common stock.

IN ORDER TO COMPETE AND SUCCEED, WE NEED TO INTRODUCE, AND CONTINUE TO PROVIDE, PRODUCTS THAT PROVIDE VALUE FOR CUSTOMERS. Our future success is dependent on the development of new markets where possible, and new applications and new products which customers believe will add value, as well as the continued demand for our products among our existing customers. There can be no assurance that the Company will be able to exploit new markets or continue to develop products that achieve wide customer acceptance in the marketplace, or that demand for existing products will continue.

WE MAY NOT SUCCESSFULLY IMPLEMENT OUR STRATEGIC PLANS. The Company presently has plans to expand its sales of memory and RAMDisk products, to develop new business opportunities based on its existing expertise and software, to continue to seek and evaluate possible strategic alliances to enhance its sales, and to develop and monetize additional intellectual property. These plans, however, are subject to modification or replacement by management if it decides that economic, industry, technological, regulatory or other factors warrant a change. In addition, there can be no assurance that the Company will successfully implement all such plans or that circumstances in the marketplace and the economy will allow the implementation of such plans.

IF WE FAIL TO ACHIEVE AND MAINTAIN FAVORABLE PRICING AND CREDIT TERMS FROM OUR VENDORS, OUR BUSINESS WOULD BE HARMED AND OUR OPERATING RESULTS WOULD BE ADVERSELY AFFECTED. Our costs are affected by our ability to achieve favorable pricing and credit terms from our vendors and contract manufacturers, including through negotiations for vendor rebates and other vendor funding received in the normal course of business. Because these supplier negotiations are continuous and reflect the ongoing competitive environment, the variability in terms can negatively affect our costs and operating results if we cannot sufficiently adjust pricing or cost variables.

IN ORDER TO COMPETE, WE MUST ATTRACT, RETAIN, AND MOTIVATE KEY EMPLOYEES, AND OUR FAILURE TO DO SO COULD HARM OUR RESULTS OF OPERATIONS. In order to compete, we must attract, retain, and motivate executives and other key employees. Hiring and retaining qualified executives, engineers, technical staff, and sales representatives are critical to our business, and competition for experienced employees in our industry can be intense. If we continue to suffer losses, our ability to attract, retain, and motivate employees could be weakened, which could harm our results of operations.

OUR PRODUCTS MAY VIOLATE OTHERS' PATENTS. Certain of our products are designed to be used with proprietary computer systems built by various OEM manufacturers. We often have to comply with the OEM's proprietary designs which may be patented, now or at some time in the future. OEMs have, at times, claimed that we have violated their patent rights by adapting our products to meet the requirements of their systems. It is our policy to, in unclear cases, either obtain an opinion of patent counsel prior to marketing, or obtain a license from the patent holder. We are presently licensed by Sun Microsystems and Silicon Graphics to sell memory products for certain of their products. However, there can be no assurance that product designs will not be created in the future which will, in fact, be patented and which patent holders will require the payment of substantial royalties as a condition for our continued presence in the segment of the market covered by the patent or they may not give us a license. Nor can there be any assurance that our existing products do not violate one or more existing patents.

WE MAY LOSE AN IMPORTANT CUSTOMER. During fiscal 2012, the largest ten customers accounted for approximately 41% of the Company's revenues and one customer accounted for 11% of the Company's revenues. There can be no assurance that one or more of these customers will not cease or materially decrease their business with the Company in the future and that our financial performance will not be adversely affected thereby.

SALES DIRECTLY TO OEM'S AND CONTRACT MANUFACTURERS CAN MAKE OUR REVENUES, EARNINGS, BACKLOG AND INVENTORY LEVELS UNEVEN. Revenue and earnings from OEM sales may become uneven as order sizes are typically large and often a completed order cannot be shipped until released by the OEM, e.g., to meet a "just in time" inventory requirement. This may occur at or near the end of an accounting period. In such case, revenues and earnings could decline for the period and inventory and backlog could increase.

WE FACE COMPETITION FROM OEMs. In the compatibles market we sell our products at a lower price than OEMs. Customers will often pay some premium for the "name brand" product when buying additional memory and OEMs seek to exploit this tendency by having a high profit margin on memory products. However, individual OEMs can change their policy and price memory products competitively. While we believe that with our manufacturing efficiency and low overhead we still would be able to compete favorably with OEMs, in such an event profit margins and earnings would be adversely affected. Also, OEMs could choose to use "free memory" as a promotional device in which case our ability to compete would be severely impaired.

WE FACE COMPETITION FROM DRAM MANUFACTURERS. DRAM manufacturers not only sell their product as discrete devices, but also as finished memory modules. They primarily sell these modules directly to OEMs and large distributors and as such compete with us. There can be no assurance that DRAM manufacturers will not expand their market and customer base, and our profit margins and earnings could be adversely affected.

THE MARKET FOR OUR PRODUCTS MAY NARROW OVER TIME. The principal market for our memory products consists of the manufacturers, buyers and owners of workstations and enterprise servers, classes of machines lying between large mainframe computers and personal computers. Personal computers are increasing in their power and sophistication and, as a result, are now filling some of the computational needs traditionally filled by workstations. The competition for the supply of after-market memory products in the PC industry is very competitive and to the extent we compete in this market we can be expected to have lower profit margins. There can be no assurance that this trend will not continue in the future, and that our financial performance will not be adversely affected.

A PORTION OF OUR OPERATIONS IS DESIGNED TO MEET THE NEEDS OF THE VERY COMPETITIVE INTEL AND AMD PROCESSOR-BASED MOTHERBOARD MARKET. In addition to selling server memory systems, we develop, manufacture and market a variety of memory products for motherboards that are Intel or AMD processor based. Many of these products are sold to OEMs and incorporated into computers and other equipment. This is an intensely competitive market with high volumes but lower margins.

ANY CLAIM THAT OUR PRODUCTS ARE DEFECTIVE COULD HARM OUR BUSINESS. We undertake to produce consistently high-quality products, free of defects and errors. Nevertheless, it is possible that our products, may contain errors or defects. Our products are complex and must meet stringent user requirements, and we have consistently provided a lifetime warranty for our products. Any customer claims of errors or defects could result in increased expenditures for product testing, or increase our service costs and potentially lead to increased warranty claims. Errors or defects in our products may be caused by, among other things, errors or defects in the memory or controller components, including components we procure from third parties. These factors could result in the rejection of our products, product recalls, damage to our reputation, lost revenues, diverted development resources, increased customer service and support costs, warranty claims and litigation. We record an allowance for warranty and similar costs in connection with sales of our products, but actual warranty and similar costs may be significantly higher than our recorded estimate and harm our operating results and financial condition.

WE MAY MAKE UNPROFITABLE ACQUISITIONS. The Company is actively looking at acquiring complementary products and related intellectual property. The possibility exists that an acquisition will be made at some time in the future. Uncertainty surrounds all acquisitions and it is possible that a particular acquisition may not result in a benefit to shareholders, particularly in the short-term. In addition, there can be no assurance that the business of MMB acquired by the Company will remain a profitable operating unit of the Company or that savings from having a larger consolidated business operation will continue.

THE INVESTMENTS WE MAKE IN RESEARCH AND DEVELOPMENT MAY NOT LEAD TO PROFITABLE NEW PRODUCTS. The Company has implemented a strategy to introduce new and complementary products into its offerings portfolio, and expects to spend substantial sums of money on research and development of such possible new products. Specifically, the Company has made considerable investments in research and development of the XcelaSAN product line. There can be no assurance, however, that these research and development expenditures will result in the identification or exploitation of any products that can be profitably sold by the Company.

WE MAY BE ADVERSELY AFFECTED BY EXCHANGE RATE FLUCTUATIONS. A portion of our accounts receivable and a portion of our expenses are denominated in foreign currencies. These proportions change over time. As a result, the Company's revenues and expenses may be adversely affected, from time to time, by changes in the relationship of the dollar to various foreign currencies on foreign exchange markets. Currently, the Company does not hedge its foreign currency risks, but could do so in the future.

WE MAY INCUR INTANGIBLE ASSET AND GOODWILL IMPAIRMENT CHARGES WHICH COULD HARM OUR PROFITABILITY. The Company took an impairment charge of $2.4 million on capitalized software development costs that were written down to zero in the third quarter of fiscal 2012. We periodically review the carrying values of our intangible assets and goodwill to determine whether such carrying values exceed the fair market value. Our goodwill is subject to an annual review for goodwill impairment. If impairment testing indicates that the carrying value exceeds its fair value, the intangible assets or goodwill is deemed impaired. Accordingly, an impairment charge would be recognized in the period identified, which could reduce our profitability.

THE MARKET PRICE FOR OUR COMMON STOCK HAS EXPERIENCED SIGNIFICANT PRICE AND VOLUME VOLATILITY AND MAY CONTINUE TO EXPERIENCE SIGNIFICANT VOLATILITY IN THE FUTURE. Our stock price has experienced significant price and volume volatility for the past several years, and our stock price is likely to experience significant volatility in the future, which could result in investors losing all or part of their investments. We believe that such fluctuations will continue as a result of many factors, including financing plans, future announcements concerning us, our competitors or our principal customers regarding financial results or expectations, technological innovations, industry supply and demand dynamics, new product introductions, governmental regulations, the commencement or results of litigation or changes in earnings estimates by analysts, as well as a result of numerous factors outside our control. Significant declines in our stock price may interfere with our ability to raise additional funds through equity financing or to finance strategic transactions with our stock. A significant adverse change in the market value of our common stock could also trigger an interim goodwill impairment test that may result in a non-cash impairment charge. In addition, we have historically used equity incentive compensation as part of our overall compensation arrangements. The effectiveness of equity incentive compensation in retaining key employees may be adversely impacted by volatility in our stock price.

OUR STOCK HAS LIMITED LIQUIDITY. Although our stock is publicly traded, it has been observed that this market is "thin." As a result, the common stock may trade at a discount to what would be its value if the stock enjoyed greater liquidity.

WE DO NOT INTEND TO PAY DIVIDENDS IN THE FORSEEABLE FUTURE. We have rarely declared or paid any dividends on our common stock. We anticipate that we will retain any future earnings to support operations and to finance the development of our business and do not expect to pay cash dividends in the foreseeable future. As a result, the success of an investment in our common stock will depend entirely upon any future appreciation in its value. There is no guarantee that our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares.

OUR STOCK COULD BE DELISTED FROM THE NASDAQ CAPITAL MARKET. On January 31, 2012, The Company received a letter from the Listing Qualifications Department of The NASDAQ OMX Group ("NASDAQ") notifying the Company that it was not in compliance with the $1 per share minimum bid price requirement for continued inclusion on The NASDAQ Capital Market set forth in NASDAQ Marketplace Rule 5550(a)(2) for the last 30 consecutive trading days prior to the date of NASDAQ's letter. NASDAQ's letter has no immediate effect on the listing of the Company's common stock on The NASDAQ Capital Market, and its common stock will continue to trade on The NASDAQ Capital Market under the symbol "DRAM."

In accordance with NASDAQ Marketplace Rules, the Company has until July 30, 2012 to regain compliance. The letter further advises that such compliance can be achieved if, at any time before July 30, 2012, the closing bid price of the Company's common stock is at least $1 for a minimum of 10 consecutive trading days. NASDAQ's letter further states that if the Company does not regain compliance with the minimum bid price requirement by July 30, 2012, it may be eligible for an additional 180 day period to regain compliance.

The Company is actively pursuing available options to regain compliance, and has submitted a request to NASDAQ for an additional 180 day grace period to regain compliance.

WE MAY HAVE TO EFFECT A REVERSE SPLIT IN ORDER TO REGAIN COMPLIANCE FOR LISTING ON THE NASDAQ CAPITAL MARKET. If the Company’s share repurchase program does not succeed in raising the closing price of the Company’s common stock to $1.00 or more for ten consecutive trading days, the Company may have to effect a reverse split sufficient enough to achieve the $1.00 minimum price for the required period.

WE ARE SUBJECT TO THE NEW JERSEY SHAREHOLDERS PROTECTION ACT. This statute has the effect of prohibiting any "business combination" - a very broadly defined term - with any "interested shareholder" unless the transaction is approved by the Board of Directors at a time before the interested shareholder had acquired a 10% ownership interest. This prohibition of "business combinations" is for five years after the shareholder became an "interested shareholder" and continues after that time period subject to certain exceptions. A practical consequence of this statute is that a hostile acquisition of our Company is unlikely to occur and hostile transactions which might be of benefit to our shareholders are unlikely to occur.

WE ARE A PARTY TO A LITIGATION THAT COULD CAUSE US TO INCUR SUBSTANTIAL COST AND PAY SUBSTANTIAL DAMAGES. The landlord for property previously leased by the Company in Ivyland, Pennsylvania filed suit against the Company, which vacated the property at the expiration of its lease. The Company denies liability and, after consulting with legal counsel, estimates that any amounts ultimately due by the Company will not have a material impact on the Company's financial condition. The Company does not believe at this time that an unfavorable outcome is likely. The ultimate outcome of the suit is unknown, however, and an unfavorable decision may result in monetary damages that could adversely affect the financial resources of the Company.

ADVERSE GLOBAL ECONOMIC CONDITIONS AND INSTABILITY IN FINANCIAL MARKETS MAY HARM OUR BUSINESS AND ADVERSELY AFFECT OUR OPERATING RESULTS. Adverse or worsening economic conditions or the instability of financial markets in the United States, Europe, Asia or other parts of the world have a negative affect on our business. When there are such adverse conditions or instability, many of our direct and indirect customers may delay or reduce their purchases of our products and systems containing our products. In addition, several of our customers rely on credit financing in order to purchase our products. If the negative conditions in the global credit markets prevent our customers' access to credit or render them insolvent, orders for our products may decrease, which would result in lower revenue. Likewise, if our suppliers face challenges in obtaining credit, in selling their products, or otherwise in operating their businesses or remaining solvent, they may become unable to offer the materials we use to manufacture our products. We believe we have obtained adequate available insurance to address the business which can be insured against with respect to our business. However, these events could result in reductions in our revenue, increased price competition, and increased operating costs, which could adversely affect our business, financial condition, results of operations, and cash flows.

GOVERNMENT REGULATIONS MAY HAVE A NEGATIVE AFFECT ON OUR BUSINESS. Government regulators, or our customers, may in the future require us to comply with product or manufacturing standards that are more restrictive than current laws and regulations related to environmental matters, conflict minerals or other social responsibility initiatives. The implementation of these standards could affect the sourcing, cost and availability of materials used in the manufacture of our products. For example, there may be only a limited number of suppliers offering "conflict free" metals used in our products, and there can be no assurance that we will be able to obtain such metals in sufficient quantities or at competitive prices. Also, we may face challenges with regulators and our customers and suppliers if we are unable to sufficiently verify that the metals used in our products are conflict free. Non-compliance with these standards could cause us to lose sales to these customers and compliance with these standards could increase our costs, which may harm our operating results.

CHANGES TO FINANCIAL ACCOUNTING STANDARDS MAY AFFECT OUR RESULTS OF OPERATIONS AND CAUSE US TO CHANGE OUR BUSINESS PRACTICES. We prepare our financial statements to conform to U.S. GAAP. These accounting principles are subject to interpretation by the American Institute of Certified Public Accountants, the SEC, and various bodies formed to interpret and create appropriate accounting policies. A change in those policies can have a significant effect on our consolidated reported results and may affect our reporting of transactions completed before a change in accounting principles is announced. Changes to those rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

WE MAY SUFFER A BREACH OF OUR COMPUTER SECURITY MEASURES, WHICH COULD HARM OUR BUSINESS. If our security measures are breached and unauthorized access is obtained to our information technology systems, we may lose proprietary data or suffer damage to our business. Our security measures may be breached as a result of third-party action, including computer hackers, employee error, malfeasance or otherwise, and result in unauthorized access to our customers' data or our data, including our intellectual property and other confidential business information, or our information technology systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently, we may be unable to anticipate these techniques or to implement adequate preventative measures. We believe we have obtained adequate available insurance to address the business which can be insured against with respect to our business. However, any security breach could result in disclosure of our trade secrets or confidential customer, supplier or employee data, or harm our ability to carry on our business, all of which could result in legal liability, harm to our reputation and otherwise harm our business.

ARMED HOSTILITIES, TERRORISM, NATURAL DISASTERS, PROPERTY DAMAGE, PUBLIC HEALTH OR OTHER ISSUES COULD HARM OUR BUSINESS. Armed hostilities, terrorism, natural disasters, damage to property (through fire, flood, or other similar occurrence), telecommunications or transportation/shipping interruptions, epidemic or public health issues, whether in the U.S. or abroad, could cause damage or disruption to us, our facilities and infrastructure, our suppliers, or our customers, or could create political or economic instability, any of which could harm our business. These events could cause a decrease in demand for our products, could make it difficult or impossible for us to deliver products or for our suppliers to deliver components, and could create delays and inefficiencies in our supply chain. We believe we have obtained adequate available insurance to address the business which can be insured against with respect to our business, but there can be no assurance that our insurance will cover such risks or would adequately remediate any harm to us from any such event.

The severe flooding in Thailand which occurred during Fiscal 2012 caused damage to infrastructure and factories that resulted in a shutdown for several months of hard drive manufacturing, which has resulted in shortages and price increases and has otherwise adversely affected our operations. If we are unsuccessful in our continuing efforts to minimize the impact of this event (or of any future event) these events on our customers and operations, our business and financial results could suffer.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 2. PROPERTIES

The Company occupies 11,056 square feet of space for administrative, sales, research and development and manufacturing support in Princeton, New Jersey under a lease expiring on September 1, 2016.

The Company leases 17,500 square feet of assembly plant and office space in Montgomery County, Pennsylvania. The lease expires on March 31, 2016.

The Company also leases research and development facilities in Bellevue, WA and marketing facilities in Denmark, Germany, and Japan.

Rent expense amounted to approximately $516,000, $655,000 and $654,000 for fiscal 2012, fiscal 2011 and fiscal 2010 respectively.

Item 3. LEGAL PROCEEDINGS

The landlord for the property previously leased by the Company in Ivyland, Pennsylvania filed suit against the Company, which vacated the property at the expiration of its lease, for the Company’s alleged failure to restore the property to its original condition. The landlord is currently in possession of a security deposit in the amount of $52,000. The Company denies its liability for the restoration of the property and believes that the outcome cannot be determined at this time. After consulting with legal counsel, management estimates that any amounts ultimately due by the Company will not have a material impact on the Company’s financial condition.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Incorporated by reference herein is the information set forth in the Company's 2012 Annual Report to Security Holders under the caption "Common Stock Information" and the information from the Definitive Proxy Statement under the caption "Equity Plan Compensation Information." No shares were sold other than pursuant to a registered offering during fiscal 2012. In the fourth quarter of fiscal 2012, the Company purchased 43,900 shares of its common stock, in the open market.

Issuer Purchases of Equity Securities

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares that may yet be purchased under the plans or programs
April 1, 2012 to April 30, 2012	43,900	1.03	43,900	956,100
Total	43,900	1.03	43,900	956,100

Item 6. SELECTED FINANCIAL DATA

Incorporated by reference herein is the information set forth in the 2012 Annual Report to Security Holders under the caption "Selected Financial Data".

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Incorporated by reference herein is the information set forth in the 2012 Annual Report to Security Holders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operation".

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Incorporated by reference herein is the information set forth in the 2012 Annual Report to Security Holders under the caption "Quantitative and Qualitative Disclosure about Market Risk".

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

All schedules are omitted as the required information is not applicable or because the required information is included in the consolidated financial statements or notes thereto.

*Incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

Item 9A. 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 April 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of Company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management has conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of April 30, 2012. This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting as it is not required.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the captions "Executive Officers of the Company", "Nominees for Director" and "Section 16 Compliance." The Company's "Code of Ethics", within the meaning of Item 406 of Registered S-K, is posted on the Company's web site at www.dataram.com

Item 11. EXECUTIVE COMPENSATION

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the caption "Executive Compensation."

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Plan Compensation Information."

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the captions "Executive Compensation," "Board of Directors" And "Related Party Transactions."

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the caption "Principal Accountant Fees and Services."

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

1. Financial Statements incorporated by reference into Part II of this Report.

2. The documents identified in the Exhibit Index which appears on page 21.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATARAM CORPORATION
(Registrant)

Date: July 27, 2012	By: */s/ JOHN H. FREEMAN* John H. Freeman, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Date: July 27, 2012	By: */s/ THOMAS A. MAJEWSKI* Thomas A. Majewski, Chairman of the Board of Directors
Date: July 27, 2012	By: */s/ JOHN H. FREEMAN* John H. Freeman, President Chief Executive Officer and Director
Date: July 27, 2012	By: */s/ ROGER C. CADY* Roger C. Cady, Director
Date: July 27, 2012	By: */s/ ROSE ANN GIORDANO* Rose Ann Giordano, Director
Date: July 27, 2012	By: */s/ MARC P. PALKER* Marc P. Palker Chief Financial Officer (Principal Financial & Accounting Officer)

EXHIBIT INDEX

3(a) Restated Certificate of Incorporation. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2008, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 25, 2008.

3(b) By-Laws. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2008, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 25, 2008.

4(a) Specimen certificate for shares of common stock. Incorporated by reference from Exhibits to a registration statement on Form S-3 filed with the Securities and Exchange Commission, SEC file number 333- 173212, on March 31, 2011.

4(b) Form of Indenture. Incorporated by reference from Exhibits to a registration statement on Form S-3 filed with the Securities and Exchange Commission, SEC file number 333-173212, on March 31, 2011.

4(c) Form of Debt Security (included in Exhibit 4(b)). Incorporated by reference from Exhibits to a registration statement on Form S-3 filed with the Securities and Exchange Commission, SEC file number 333- 173212, on March 31, 2011.

4(d) Form of Common Stock Purchase Warrant. Incorporated by reference from Exhibits to a Current Report on Form 8-K with the Securities and Exchange Commission, SEC file number 001-08266, filed on May 12, 2011.

10(a) 2001 Stock Option Plan.* Incorporated by reference from Exhibits to a Definitive Proxy Statement for an Annual Meeting of Shareholders held on September 12, 2001, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 26, 2001.

10(b) Savings and Investment Retirement Plan, January 1, 2001 Restatement.* Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2003, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 29, 2003.

10(c) 2011 Stock Option Plan.* Incorporated by reference from Exhibits to a Definitive Proxy Statement for an Annual Meeting of Shareholders held on September 22, 2011, filed with the Securities and Exchange Commission, SEC file number 001-08266, on August 16, 2011.

10(d) Lease Agreement dated as of April 4, 2011, between Hillier Properties, L.L.C., and Dataram Corporation. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2011, filed with the Securities and Exchange Commission, SEC file number 001- 08266, on July 28, 2011.

10(e) Asset Purchase Agreement, dated March 20, 2009, by and among Dataram Corporation, Micro Memory Bank, Inc. and Mr. David Sheerr. Incorporated by reference from Exhibits to a Current Report on Form 8-K/A with the Securities and Exchange Commission, SEC file number 001-08266, filed on May 26, 2009.

10(f) Lease Agreement, dated December 31, 2000, between Nappen & Associates and Micro Memory Bank, Inc. and assigned to Dataram Corporation. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2009, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 28, 2009.

10(g) Lease Renewal Agreement, dated February 13, 2006, between Nappen & Associates and Micro Memory Bank, Inc. and assigned to Dataram Corporation. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2009, filed with the Securities and Exchange Commission, SEC file number 001- 08266, on July 28, 2009.

10(h) Lease Renewal Agreement, dated February 10, 2011, between Nappen & Associates and Dataram Corporation. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2011, filed with the Securities and Exchange Commission, SEC file number 001- 08266, on July 28, 2011.

10(i) Employment Agreement of Jeffrey H. Duncan dated as of February 1, 2005.* Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2005, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 28, 2005.

10(j) Employment Agreement of David Sheerr dated as of March 31, 2009.* Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2010, filed with the Securities and Exchange Commission, SEC file number 001-08266, July 29, 2010.

10(k) Product Consignment And Sale Agreement, dated as of July 27, 2010, Between Sheerr Memory, Inc. and Dataram Corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 29, 2010.

10(l) Note and Security Agreement, dated as of December 14, 2011, by and among David Sheerr and Dataram Corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on December 15, 2011.

10(m) Consignment Termination letter, dated December 14, 2011, between Sheerr Memory, Inc. and Dataram corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on December 15, 2011.

10(n) Loan and Security Agreement, dated as of July 27, 2010, between Crestmark Capital Lending LLC and Dataram Corporation. Amended and restated On May 17, 2012 Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 29, 2010 and May 23, 2012.

10(o) Schedule to Loan and Security Agreement, dated as of July 27, 2010, between Crestmark Capital Lending LLC and Dataram Corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 29, 2010.

10(p) Promissory Note, dated as of July 27, 2010, from Dataram Corporation to Crestmark Capital Lending LLC. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 29, 2010. 10(q) Amendment No. 2, dated as of February 9, 2012, to Loan and Security Agreement between Crestmark Capital Lending LLC and Dataram Corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on March 7, 2012.

10(r) Amended and Restated Promissory Note, dated as of February 9, 2012, between Crestmark Capital Lending LLC and Dataram Corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on March 7, 2012.

10(s) Amended and Restated Schedule, dated May 17, 2012, to Loan and Security Agreement between Crestmark Capital Lending LLC and Dataram Corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on May 23, 2012.

10(t) Amended and Restated Promissory Note, dated May 17, 2012, between Crestmark Capital Lending LLC and Dataram Corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on May 23, 2012.

10(u) Placement Agency Agreement, dated as of May 11, 2011, by and between Dataram Corporation and Aegis Capital. Incorporated by reference from Exhibits to a Current Report on Form 8-K with the Securities and Exchange Commission, SEC file number 001-08266, filed on May 12, 2011.

10(v) Form of Securities Purchase Agreement, dated as of May 11, 2011, by and between Dataram Corporation and each of the purchasers identified on the signature pages thereto. Incorporated by reference from Exhibits to a Current Report on Form 8-K with the Securities and Exchange Commission, SEC file number 001-08266, filed on May 12, 2011.

10(w) Patent Purchase Agreement, dated as of March 29, 2012, by and between Dataram Corporation and Phan Tia Group Pte, LLC. Incorporated by reference from Exhibits to Amendment No. 1 to a Current Report on Form 8-K with the Securities and Exchange Commission, SEC file number 001-08266, filed on April 24, 2012.

13(a) 2012 Annual Report to Shareholders

14(a) Code of Ethics. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on June 20, 2005.

23(a) Consent of J.H. Cohn LLP, Independent Registered Public Accounting Firm.

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.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

*Management Contract or Compensatory Plan or Arrangement

Exhibit 13(a)

[DATARAM LOGO]

DATARAM CORPORATION

2012 ANNUAL REPORT

Table of Contents

[PICTURE OF JOHN FREEMAN]

To Our Shareholders:

Fiscal 2012 was a very challenging year. The economy and especially the semiconductor industry continued to be soft. The industry was negatively impacted by the delayed release of Intel's new SandyBridge DDR3 technology, the floods in Thailand which shut down hard drive manufacturing for months severely reducing server shipments, and the ongoing industry consolidations which reduced DRAM prices.

Our revenues declined 23%, which was primarily driven by a 43% industry wide decline in the 2012 material cost per gigabyte. On a positive note, our gigabytes shipped increased 34%. We continue to refine our operational processes to improve our cost competitiveness. Despite these challenges there have been a number of positive contributions in 2012. We are currently actively engaged with companies interested in leveraging Dataram's long time high quality product manufacturing abilities and other more recently developed strengths and expertise, which make our future look brighter.

In April 2012 we sold 13 patents for $5M while retaining a license to continue to use the patents in current and future Dataram products. This sale was the result of a 2009 initiative where for the first time Dataram invested in creating patents and a patent portfolio. During the following two years we wrote, applied for and were granted a number of patents. Our patent initiative has been a highly successful investment and return which will fund new growth initiatives and protect our current products. This July we had another patent application allowed. We plan to continue to further develop patents and monetize our patent portfolio.

Dataram web based sales tripled and are now over 12% of our business with significant growth projected and already experienced in fiscal 2013. Our web site supports on line product configuration, pricing, immediate chats, quotes and ordering. This system along with our partner portal better supports how many of our clients prefer to transact business as well as providing immediate response to their questions and reducing transaction costs. We continually receive positive feedback on the ease of use and how that effectively differentiates Dataram from its competitors.

Dataram's RAMDisk is generally recognized as the price performance leader in the virtual RAM drive software market. Our RAMDisk portal receives over 600,000 visits and processes over 400,000 downloads per year. In addition, there has been increasing interest by corporations and systems integrators seeking to use RAMDisk for commercial purposes. We have leveraged our website to facilitate the procurement of RAMDisk licenses for both personal and commercial use. To further expand market penetration we intend to introduce targeted product lines and leverage strategic partnerships. Although XcelaSAN product sales are slower than expected we continue to develop new opportunities based on our XcelaSAN caching expertise and caching software. RAMDisk is a good example of how we are able to leverage the knowledge we have gained developing XcelaSAN to create new business opportunities for Dataram.

Since the close of our fiscal 2012 we have signed a contract with Crestmark our current lender, which reduced our interest rate approximately 25%, eliminated the three clearing days for calculating the outstanding balance and increased availability based on the borrowing formulas with the lender by approximately $1,200,000. These changes will result in lower financing costs for the term of the agreement. The total line remains at its current level of $3,500,000.

I am encouraged by the opportunities we are engaged in today and by others on the horizon. We continually receive inquiries from other companies and generate interest in partnering and using our manufacturing capabilities, products, caching and software expertise. We will leverage these and other Dataram strengths to make the most of growth opportunities which we expect will contribute to our profitability and shareholder value.

On behalf of the Company's Board of Directors and management team, I would like to thank our shareholders for their continued support and our employees for their hard work and dedication.

July 27, 2012

John H. Freeman
President and Chief Executive Officer

Cautionary Note Regarding Forward-Looking Statements

This report includes “forward-looking statements.” The words “may,” “will,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “aim,” “seek” and similar expressions as they relate to us or our management are intended to identify these forward-looking statements. All statements by us regarding our expected financial position, revenues, cash flows and other operating results, business strategy, legal proceedings and similar matters are forward-looking statements. Our expectations expressed or implied in these forward-looking statements may not turn out to be correct. Our results could be materially different from our expectations because of various risks, including the risks discussed in the Company’s Report on Form 10-K under “Part I - Item 1A - Risk Factors.” Any forward-looking statement speaks only as of the date as of which such statement is made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances, including unanticipated events or circumstances, occurring or existing after the date as of which such statement was made.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our financial condition and results of operations in conjunction with the financial statements and the notes thereto included in Financial Statements and Supplementary Data included within this Annual Report.

Overview

Dataram Corporation (the "Company") is a developer, manufacturer and marketer of large capacity memory products primarily used in high performance network servers and workstations. The Company is also a developer, manufacturer and marketer of a line of high performance storage caching products. 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 for sale to OEMs and channel assemblers. The Company's memory products are sold worldwide to OEMs, distributors, value-added resellers and end-users. The Company has one leased 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.

In fiscal 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 expanded the Company's memory product offerings and routes to market. Its products include memory upgrades for IBM, Sun, HP and Compaq computer systems. MMB also markets and sells new and refurbished factory original memory upgrades manufactured by IBM, Sun, HP and Compaq as well as factory original modules manufactured by Micron, Hynix, Samsung, Elpida and Nanya, and purchases excess memory inventory from other parties as well.

During the third quarter of fiscal 2012, the Company's XcelaSAN ("XcelaSAN") product was available for general release and generated approximately $8,000 of revenue, which was significantly lower than expected. The Company capitalized approximately $0.9 million of XcelaSAN development cost in the first six months of fiscal 2012. The Company capitalized approximately $1.5 million of XcelaSAN research and development costs in fiscal 2011. The Company determined in fiscal 2012's third quarter based on the estimated future net realizable value for the expected periods of benefit that the carrying value of capitalized software development cost was impaired. As such, approximately $2.4 million of capitalized software development cost was written down to zero.

In the fourth quarter of fiscal 2012, the Company sold thirteen patents and two patent applications (covering covered solid state storage and caching products based on DRAM, flash, and other solid state technologies) for a purchase price of $5 million. Under terms of the sale, the Company retains a license to continue to use the patents in current and future Dataram products (including XcelaSAN) with limited rights to transfer its license. The Company believes that this transaction represents an exceptional opportunity to fund new growth initiatives while at the same time protecting the Company's current product portfolio. The transaction also delivers a significant return on the investment the Company made several years ago when it committed to use funds to convert certain intellectual property to tangible patent assets.

In addition, in October 2011, Thailand experienced floods which resulted in the cessation of business at several hard drive manufacturing facilities for months. This shut down severely reduced server shipments and raised prices, negatively impacting operations for the Company and other businesses in the computer industry. The Company has worked and will continue to work to minimize the disruption this event has caused to the supply and cost of components used in the Company's business.

In Fiscal 2013, the Company expects to work to expand its sales of memory products through both existing channels of distribution and its growing web-based marketing and sales. In addition, the Company plans to maintain and enhance its status as price performance leader in the virtual RAM drive market through its RAMDisk products. The Company also expects to continue to enhance and market its caching products, and to develop new business opportunities based on its existing expertise and software. The Company plans to continue to seek and evaluate possible strategic alliances to enhance its sales, and to develop and monetize additional intellectual property, as well.

Results of Operations

The following table sets forth consolidated operating data expressed as a percentage of revenues for the periods indicated.

Years Ended April 30,	**2012**	**2011**	**2010**
Revenues	100.0%	100.0%	100.0%
Cost of sales	76.2	76.4	73.6
Gross profit	23.8	23.6	26.4
Engineering	2.1	2.2	2.3
Research and development	0.0	4.0	9.7
Impairment of capitalized software	6.6	0.0	0.0
Selling, general and administrative	34.2	26.4	30.3
Loss from operations	(19.1)	(9.0)	(15.9)
Other income (expense), net	10.1	(0.9)	(0.3)
Loss before income tax expense	(9.0)	(9.9)	(16.2)
Income tax expense	0.0	0.0	8.2
Net loss	(9.0)	(9.9)	(24.4)

Fiscal 2012 Compared With Fiscal 2011

Revenues for fiscal 2012 were $36.1 million compared to $46.8 million in fiscal 2011, a 22.9 percent decrease. This decrease was primarily the result of the reduction in prices of DRAMs. The average selling price of 1 gigabyte of memory decreased approximately 43% to approximately $27 for fiscal 2012, compared to approximately $48 for fiscal 2011. To a lesser extent the buildup of IT infrastructure experienced in fiscal 2011 did not continue into fiscal 2012.

Revenues for the fiscal years ended April 30, 2012 and 2011 by geographic region were:

	Year ended April 30, 2012	Year ended April 30, 2011
United States	$ 27,980,000	$ 37,400,000
Europe	5,393,000	6,481,000
Other (principally Asia Pacific Region)	2,706,000	2,966,000
Consolidated	$ 36,079,000	$ 46,847,000

Cost of sales was $27.5 million in fiscal 2012 or 76.2 percent of revenues compared to $35.8 million or 76.4 percent of revenues in fiscal 2011. Current and prior fiscal year's cost of sales as a percentage of revenue is considered by management to be within the Company's normal range as evidenced by nominal change as a percentage of revenues combined with the sales decrease. Fluctuations in cost of sales as a percentage of revenues are not unusual, however, and can result from many factors, including rapid changes in the price of DRAMs, or changes in product mix possibly resulting from a large order or series of orders for a particular product or a change in customer mix.

Engineering expense in fiscal 2012 was approximately $700,000, versus approximately $1.0 million in fiscal 2011. The reduction of engineering expense is primarily the result of a reduction of one employee and related severance cost in fiscal 2011.

Research and development expense in fiscal 2012 was nil versus approximately $1.9 million in fiscal 2011. The Company capitalized approximately $900,000 of XcelaSAN development cost in the first six months of fiscal 2012. The Company capitalized approximately $1.5 million of XcelaSAN research and development costs in fiscal 2011. 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.

Selling, general and administrative(S,G&A) expenses were $12.3 million in fiscal 2012 versus $12.4 million in fiscal 2011. In fiscal 2012, approximately $2.5 million of XcelaSAN sales and marketing expense was recorded to S,G&A expense compared to approximately $1.2 million in fiscal 2011. The Company's traditional computer memory SG&A expense was approximately $1.0 million less in fiscal 2012 as compared to fiscal 2011. This reduction in expense was primarily the result of a reduction of six employees and related benefit expenses. Stock-based compensation expense was recorded as a component of S,G&A expense and totaled approximately $451,000 in fiscal 2012, versus $482,000 in fiscal 2011. In fiscal 2012, there were options granted to purchase 288,000 shares of the Company's common stock compared to option grants to purchase 139,000 shares in fiscal 2011. Intangible asset amortization is recorded as a component of S,G&A expense and totaled approximately $163,000 in fiscal 2012, versus $407,000 in fiscal 2011.

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 $900,000 of XcelaSAN development cost in the first six months of fiscal 2012. The Company capitalized approximately $1.5 million of XcelaSAN research and development costs in fiscal 2011. The Company determined in fiscal 2012's third quarter based on the estimated future net realizable value for the expected periods of benefit that the carrying value of capitalized software development cost was impaired. As such, approximately $2.4 million of capitalized software development cost was written down to zero.

Other income (expense), net for fiscal year 2012, totaled approximately $3.6 million income versus $401,000 expense in fiscal 2011. Other income (expense) in fiscal 2012 includes approximately $4.1 million of income recorded for the sale of thirteen patents and two patent applications, net of expenses. Other income (expense) in fiscal 2012 also includes $386,000 of interest expense and $65,000 of foreign currency transaction losses, primarily the result of the US dollar strengthening against the EURO. Other income (expense), net for fiscal 2011 includes $286,000 of interest expense. Other income in fiscal year 2011 also includes $135,000 of foreign currency transaction losses, primarily as a result of the US dollar strengthening against the EURO. Additionally, other income (expense) includes approximately $47,000 of income recorded for the gain on sale of machinery and equipment and approximately $30,000 of expenses for bank fees related to loan applications.

The Company's consolidated statements of operations for fiscal 2012 and 2011 include tax expense of approximately $5,000 each year that consists of state minimum tax payments. As of April 30, 2012, the Company had Federal and State net operating loss ("NOL") carry-forwards of approximately $19.0 million and $17.1 million, respectively. These can be used to offset future taxable income and expire between 2023 and 2032 for Federal tax purposes and 2016 and 2032 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 April 30, 2012 and at April 30, 2011.

The Company expects that all backlog on hand will be filled during the current fiscal year and most in the first quarter of fiscal 2013. The Company's backlog at April 30, 2012 was $626,000. At April 30, 2011, it was $245,000.

Fiscal 2011 Compared With Fiscal 2010

Revenues for fiscal 2011 were $46.8 million compared to $44.0 million in fiscal 2010. The Company's revenues increased by approximately 6% in fiscal 2011 versus fiscal 2010.

Cost of sales was $35.8 million in fiscal 2011 or 76.4 percent of revenues compared to $32.4 million or 73.6 percent of revenues in fiscal 2010. Cost of sales as a percentage of revenues generally approximates 75%. Fluctuations either up or down of 3% or less are not unusual and can result from many factors, some of which are rapid changes in the price of DRAMs, a change in product mix possibly resulting from a large order or series of orders for a particular product or a change in customer mix.

Engineering expenses in each of fiscal 2011 and fiscal 2010 were $1.0 million.

Research and development expenses in fiscal 2011 were $1.9 million, versus $4.3 million in fiscal 2010. 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. In the first quarter of fiscal 2009, the Company implemented a strategy to introduce new and complementary products into its offerings portfolio. In January 2009, the Company entered into a software purchase and license agreement with another company whereby the Company acquired the exclusive right to purchase specified software for a price of $900,000 plus a contingent payment of $100,000. Fiscal 2010's research and development expense includes $600,000 of expense related to this agreement, of which $300,000 was expensed in the first fiscal quarter and $300,000 was expensed in the second fiscal quarter. The ompany exclusively owns the software.

Selling, general and administrative(S,G&A) expenses were $12.4 million in fiscal 2011 versus $13.4 million in fiscal 2010. Stock-based compensation expense was recorded as a component of S,G&A expense and totaled approximately $482,000 in fiscal 2011, versus $918,000 in fiscal 2010. In fiscal 2011, there were options granted to purchase 139,000 shares of the Company's common stock compared to grants to purchase 899,500 shares in fiscal 2010. Intangible asset amortization is recorded as a component of S,G&A expense and totaled approximately $407,000 in fiscal 2011, versus $637,000 in fiscal 2010.

Other income (expense), net for fiscal year 2011 totaled $401,000 expense versus $117,000 expense in fiscal 2010. Other income (expense) in fiscal 2011 includes $286,000 of interest expense and $135,000 of foreign currency transaction losses, primarily as a result of the US dollar strengthening against the EURO. Additionally, other income (expense) includes approximately $47,000 of income recorded for the gain on sale of assets and approximately $30,000 of expenses for bank fees related to loan applications. Other income in fiscal 2010 includes $85,000 of foreign currency transaction losses and approximately $42,000 of interest expense, net of interest income.

The Company's consolidated statements of operations for fiscal 2011 include tax expense of approximately $5,000 that consists of state minimum tax payments. The Company's consolidated statements of operations for fiscal 2010 include approximately $3.6 million of income tax expense. 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 full valuation allowance for the Company's deferred income tax assets 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.

Liquidity and Capital Resources

Cash and cash equivalents at April 30, 2012 amounted to $3.3 million and working capital amounted to $6.7 million, reflecting a current ratio of 4.0 to 1, compared to cash and cash equivalents of $345,000, working capital of $3.1 million and a current ratio of 1.4 to 1 as of April 30, 2011.

Accounts receivable at the end of fiscal 2012 totaled $2.6 million compared to fiscal 2011 year end accounts receivable of $4.6 million. The reduction of accounts receivable is a result of decreased sales.

Net cash used in operating activities totaled $1.2 million. Net losses totaled approximately $3.3 million and included approximately $2.4 million of recognized impairment of capitalized software development cost and approximately $4.1 million of gain on a sale of patents. Depreciation and amortization expense of approximately $660,000 and stock-based compensation expense of $451,000 were recorded in fiscal 2012. Inventories decreased by approximately $2.5 million and accounts receivable decreased by approximately $2.0 million. Management successfully reduced inventory during the fourth quarter of fiscal 2012 to create additional working capital. Accounts payable decreased by approximately $1.9 million primarily as a result of the reduction in inventories and suppliers reducing the Company’s trade terms. The Company does not expect to improve trade terms with suppliers until profitability returns.

Net cash provided by investing activities totaled approximately $2.7 million and consisted primarily of gain on a sale of patents of approximately $4.1 million, capitalized software development costs of approximately $907,000, fixed asset additions of approximately $233,000, and $211,000 for the acquisition of Micro Memory Bank.

Net cash provided by financing activities totaled approximately $1.4 million and consisted of net proceeds from a sale of common shares totaling approximately $3.0 million. The Company borrowed $2.0 million from David Sheerr, an employee and executive officer of the Company, and used $1.5 million to pay in full the amount due Sheerr Memory which is wholly-owned by an employee and executive officer of the Company, and $500,000 for working capital. The Company also reduced the amount due on the revolving credit facility by approximately $2.0 million.

On July 27, 2010, the Company entered into an agreement with a financial institution for formula-based secured debt financing of up to $5.0 million. Borrowings are secured by substantially all assets. On March 2, 2012, the agreement was amended to reduce the amount available under the credit facility to $3.5 million which, according to the Company’s projections, will be sufficient to allow for maximum borrowing under the formulas provided for in the agreement**.** On May 17, 2012, the agreement was amended and restated. The amended and restated documents reduced the interest rate to prime plus 6%, subject to a minimum of 9.25% and also not less than $8,000 per month. In addition, the loan facility now allows borrowing of 90% of eligible foreign receivables to a maximum of $500,000 and 25% of eligible inventory to a maximum of 20% of the amount available on receivables. The total credit line remains at $3.5 million and the Tangible Net Worth covenant is $2.0 million, measured quarterly. The Company agreed to pay an exit fee if it terminates the agreement more than 30 days prior to the one year anniversary of the amended and restated agreement. The amount of financing available to the Company under the agreement varies with the Company’s eligible accounts receivable and inventory. At April 30, 2012, the Company had approximately $1.1 million of additional financing available to it under the terms of the agreement.

Also, on July 27, 2010, the Company entered into an agreement with a vendor Sheerr Memory, to consign a formula-based amount of up to $3.0 million of certain inventory into the Company's manufacturing facilities. As of April 30, 2011, the Company has received financing totaling $1.5 million under this agreement, of which $1.0 million 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 $3.0 million. 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 $2.0 million. 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 $1.5 million under the agreement and repaid in full the $1.5 million 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 $2.0 million available under this agreement. Principal amounts due under this obligation are $33,333 per month beginning on July 15, 2012. For the next fiscal year following April 30, 2012, the principal amount due under this obligation is $333,333. In each of four fiscal periods from May 1, 2013 thru April 30, 2017, the principal amounts due under this obligation are $400,000. In the fiscal period from May 1, 2017 thru June 30, 2017, the principal amount due on this obligation is $66,667.

The weighted average interest rate on amounts borrowed under these agreements at April 30, 2012 and 2011 was 12.0% and 11.4%, respectively. The average dollar amounts borrowed under these agreements for the fiscal years ended April 30, 2012, 2011 and 2010 were $3,143,000, $2,263,000 and $250,000, respectively.

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, were approximately $3.0 million. The transaction closed on May 17, 2011.

On April 2, 2012, the Company sold 13 patents and two patent applications for net proceeds of approximately $4.1 million. Under the terms of the sale, Dataram retains a license to continue to use the patents in current and future Dataram products including XcelaSAN, with limited rights to transfer its license.

Based on the cash received from the securities purchase agreement and patent sale and the cash flows expected to be provided from the two financing agreements above which will more than offset the cash flows projected to be used in the Company's operations, management has concluded that the Company's short term liquidity needs will be satisfied. There can be no assurance, however, that in the short-term, realized revenues will be in line with the Company's projections. Management continues to evaluate the Company's liquidity needs and expense structure as it executes its business plan.

On December 4, 2002, the Company announced an open market repurchase plan providing for the repurchase of up to 500,000 shares of the Company's common stock. On April 10, 2012, the Company announced the additional authorization to repurchase up to 828,000 shares of the Company's common stock. In fiscal 2012, the Company repurchased 43,900 shares for a total cost of $45,000. In fiscal 2011 and 2010, the Company did not repurchase any shares of its common stock. As of April 30, 2012, the total number of shares authorized for purchase under the program is 956,100 shares.

On March 31, 2009, the Company acquired certain assets of MMB. The Company purchased the assets from MMB for total consideration of approximately $2.3 million, 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. The net assets acquired by the Company were recorded at their respective fair values under the purchase accounting guidance existing at the date of acquisition. 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). Through April 30, 2012, the Company has paid or accrued approximately $2.2 million of the contingently payable purchase price which is recorded as a component of Goodwill in the Company's consolidated financial statements.

The remaining contingently payable purchase price consists of a percentage, averaging approximately 50%, payable quarterly, over the next eleven months of earnings before interest, taxes, depreciation and amortization of the Unit and will be recorded as a component of Goodwill in the Company's consolidated financial statements.

Contractual Obligations

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2012 are as follows:

Year ending April 30:		
2013	$	352,000
2014		365,000
2015		374,000
2016		368,000
2017		114,000
Thereafter		-
	$	1,573,000

Purchases

At April 30, 2012, the Company had open purchase orders outstanding totaling $1.3 million, primarily for inventory items to be delivered in the first three months of fiscal 2013. These purchase orders are cancelable**.**

Recently Adopted Accounting Guidance

There are no new pronouncements which affect the Company.

Recent Accounting Guidance Not Yet Adopted

In September 2011, the FASB issued Accounting Standards Update 2011-08, Testing Goodwill for Impairment, ("ASU 2011-08"), which amends the guidance in ASC 350-20, Intangibles — Goodwill and Other — Goodwill. Under ASU 2011-08, entities have the option of performing a qualitative assessment before calculating the fair value of their reporting units when testing goodwill for impairment. If the fair value of the reporting unit is determined, based on qualitative factors, to be more likely than not less than the carrying amount of the reporting unit, then entities are required to perform the two-step goodwill impairment test. An entity also has the unconditional option to bypass the qualitative assessment and proceed directly to performing the first step of the goodwill impairment test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. This guidance will not have a material impact on the Company's consolidated financial statements.

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 this Annual Report, management believes the following accounting policies to be critical:

Revenue Recognition - Revenue is recognized when title passes upon shipment of goods to customers. The Company's revenue earning activities involve delivering or producing goods. The following criteria are met before revenue is recognized: persuasive evidence of an arrangement exists, shipment has occurred, selling price is fixed or determinable and collection is reasonably assured. The Company does experience a minimal level of sales returns and allowances for which the Company accrues a reserve at the time of sale in accordance with the Revenue Recognition – Right of Return Topic of the FASB ASC. Estimated warranty costs are accrued by management upon product shipment based on an estimate of future warranty claims.

Research and Development - 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, the Company discontinued capitalizing development costs.

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 $0.9 million of XcelaSAN development cost in the first six months of fiscal 2012. The Company capitalized approximately $1.5 million of XcelaSAN research and development costs in fiscal 2011. The Company determined in fiscal 2012's third quarter based on the estimated future net realizable value for the expected periods of benefit that the carrying value of capitalized software development cost was impaired. As such, approximately $2.4 million of capitalized software development cost was written down to zero.

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.

Quantitative and Qualitative Disclosure 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 rate of return on its investment portfolio changes with short-term interest rates, although such changes will not affect the value of its portfolio. The Company’s objective in connection with its investment strategy is to maintain the security of its cash reserves without taking market risk with principal.

The Company purchases and sells primarily in U.S. dollars. The Company sells in foreign currency (primarily Euros) to a limited number of customers and as such incurs some foreign currency risk. At any given time, approximately 5 to 10 percent of the Company’s accounts receivable are denominated in currencies other than U.S. dollars. At present, the Company does not purchase forward contracts as hedging instruments, but could do so as circumstances warrant.

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.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of Company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management has conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. There were no changes in our internal control over financial reporting during fiscal 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of April 30, 2012. This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm.

Common Stock Information

The Common Stock of the Company is traded on the NASDAQ National Market with the symbol "DRAM". The following table sets forth, for the periods indicated, the high and low prices for the Common Stock.

	2012		2011	
	High	Low	High	Low
First Quarter	$ 2.04	$ 1.47	$ 2.40	$ 1.19
Second Quarter	1.59	1.06	2.63	1.52
Third Quarter	1.37	0.75	2.54	1.42
Fourth Quarter	1.13	0.60	2.65	1.91

At April 30, 2012, there were approximately 2,000 shareholders.

DATARAM CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

April 30, 2012 and 2011

(In thousands, except share and per share amounts)

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$ 3,275	$ 345
Accounts receivable, less allowance for doubtful accounts and sales returns of $200 in 2012 and $225 in 2011	2,605	4,630
Inventories:		
Raw materials	1,921	3,229
Work in process	30	36
Finished goods	981	2,197
	2,932	5,462
Other current assets	115	127
Total current assets	8,927	10,564
Property and equipment:		
Machinery and equipment	11,976	11,931
Leasehold improvements	608	1,239
	12,584	13,170
Less accumulated depreciation and amortization	11,886	12,207
Net property and equipment	698	963
Other assets	55	111
Intangible assets, less accumulated amortization of $1,262 in 2012 and $1,099 in 2011	297	1,940
Goodwill	1,453	1,242
	$ 11,430	$ 14,820
Liabilities and Stockholders' Equity		
Current liabilities:		
Note payable-revolving credit line	$ 121	$ 2,154
Accounts payable	1,017	2,945
Accrued liabilities	766	840
Due to related party – current portion	333	1,500
Total current liabilities	2,237	7,439
Due to related party – long term	1,667	0
Total liabilities	3,904	7,439
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value $1.00 per share. Authorized 54,000,000 shares; issued and 10,703,309 at April 30, 2012 and 8,928,309 on April 30, 2011	10,703	8,928
Treasury stock 43,900 shares as of April 30, 2012 at cost	(45)	0
Additional paid-in capital	10,296	8,622
Accumulated deficit	(13,428)	(10,169)
Total stockholders' equity	7,526	7,381
	$ 11,430	$ 14,820

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended April 30, 2012, 2011 and 2010
(In thousands, except per share amounts)

	2012	2011	2010
Revenues	$ 36,079	$ 46,847	$ 44,020
Costs and expenses:			
Cost of sales	27,509	35,777	32,408
Engineering	740	1,033	997
Research and development	0	1,894	4,265
Selling, general and administrative	12,324	12,371	13,365
Impairment of capitalized software	2,387	0	0
	42,960	51,075	51,035
Loss from operations	(6,881)	(4,228)	(7,015)
Other income (expense):			
Interest income	0	0	12
Interest expense	(386)	(286)	(54)
Currency loss	(65)	(135)	(85)
Other income	4,078	20	10
	3,627	(401)	(117)
Loss before income tax expense	(3,254)	(4,629)	(7,132)
Income tax expense	5	5	3,611
Net loss	$ (3,259)	$ (4,634)	$ (10,743)
Net loss per common share:			
Basic	$ (0.31)	$ (0.52)	$ (1.21)
Diluted	$ (0.31)	$ (0.52)	$ (1.21)

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended April 30, 2012, 2011 and 2010
(In thousands)

	2012	2011	2010
Cash flows from operating activities:			
Net loss	$ (3,259)	$ (4,634)	$ (10,743)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	660	1,039	1,193
Bad debt expense (recovery)	14	(6)	32
Stock-based compensation expense	451	610	918
Gain on sale of property and equipment	-	(47)	(10)
Impairment of software development cost	2,387	-	-
Deferred income tax expense	-	-	3,582
Gain on sale of patents	(4,078)	-	-
Changes in assets and liabilities (net of effect of acquisition of business):			
Decrease (increase) in accounts receivable	2,011	720	(1,994)
Decrease (increase) in inventories	2,530	1,410	(4,672)
Decrease (increase) in other current assets	12	(40)	39
Decrease (increase) in other assets	56	(6)	31
Increase (decrease) in accounts payable	(1,928)	(578)	2,137
Increase (decrease) in accrued liabilities	(74)	(898)	650
Net cash used in operating activities	(1,218)	(2,430)	(8,837)
Cash flows from investing activities:			
Acquisition of business	(211)	(488)	(1,736)
Additions to property and equipment	(232)	(478)	(573)
Software development costs	(907)	(1,480)	-
Proceeds from sale of patents	4,078	-	-
Proceeds from sale of property and equipment	-	47	10
Net cash provided by (used in) investing activities	2,728	(2,399)	(2,299)
Cash flows from financing activities:			
Net borrowings (repayments) under revolving credit line	(2,033)	2,154	-
Net proceeds from related party note payable	500	500	1,000
Net proceeds from sale of common shares under stock option plan	-	13	118
Net proceeds from sale of common stock	2,998	-	-
Purchase of treasury stock	(45)	-	-
Net cash provided by financing activities	1,420	2,667	1,118
Net increase (decrease) in cash and cash equivalents	2,930	(2,162)	(10,018)
Cash and cash equivalents at beginning of year	345	2,507	12,525
Cash and cash equivalents at end of year	$ 3,275	$ 345	$ 2,507
Supplemental disclosure of non-cash financing activities:			
Borrowings from and repayments to related party	$ 1,500	$ -	$ -
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 365	$ 275	$ 54
Income taxes	$ 5	$ 5	$ 35

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
Years ended April 30, 2012, 2011 and 2010
(In thousands)

	Number Of Common Shares	Common stock	Treasury stock	Additional paid-in capital	Retained paid-in (accumulated) (deficit)	Total stock-holders' equity
Balance at April 30, 2009	8,869	$ 8,869	$ -	$ 7,023	$ 5,207	$ 21,099
Issuance of shares under stock option plans	50	50		68	-	118
Net loss		-		-	(10,743)	(10,743)
Stock-based compensation expense		-		918	-	918
Balance at April 30, 2010	8,919	$ 8,919	$ -	$ 8,009	$ (5,536)	$ 11,392
Issuance of shares under stock option plans	9	9		3	-	12
Net loss		-		-	(4,633)	(4,633)
Stock-based compensation expense		-		610	-	610
Balance at April 30, 2011	8,928	$ 8,928	$ -	$ 8,622	$ (10,169)	$ 7,381
Net loss		-		-	(3,259)	(3,259)
Stock-based compensation expense		-		451	-	451
Issuance of shares under registered direct offering	1,775	1,775		1,223	-	2,998
Treasury stock purchased			(45)			(45)
Balance at April 30, 2012	10,703	$ 10,703	$ (45)	$ 10,296	$ (13,428)	$ 7,526

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
(Dollars in thousands, except per share amounts)

(1) Description of Business and Significant Accounting Policies

Dataram Corporation ("the Company") 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. Additionally, the Company manufactures a line of memory products for Intel and AMD motherboard based servers. The Company has developed and currently markets a line of high-performance storage caching products.

The Company's memory products are sold worldwide to OEMs, distributors, value-added resellers and end-users. The Company has one leased 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.

Principles of Consolidation

The consolidated financial statements 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 in consolidation.

Liquidity

As discussed in Note 2, the Company entered into financing agreements to address short-term liquidity needs. Also, as discussed in Note 3, on May 11, 2011, the Company entered into a securities purchase agreement with certain investors and received approximately $3.0 million in net proceeds. Also, on April 2, 2012, the Company sold 13 patents and two patent applications for net proceeds of approximately, $4.1 million. Management estimates the cash provided by the securities purchase agreement and sale of the patents will more than offset the cash flows projected to be used in the Company's operations in fiscal 2013. As such 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. In order to satisfy long-term liquidity needs, the Company will need to generate profitable operations and positive cash flows.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable consist of the following:

	April 30, 2012	April 30, 2011
Trade receivables	$ 2,621	$ 4,643
VAT receivable	184	212
Allowance for doubtful accounts and sales returns	(200)	(225)
	$ 2,605	$ 4,630

Inventories

Inventories, consisting of materials, labor and manufacturing overhead, are stated at the lower of cost or market, with cost determined by the first-in, first-out method.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed on the straight-line basis. Depreciation and amortization rates are based on the estimated useful lives, which range from two to five years for machinery and equipment and five to six years for leasehold improvements. When property or equipment is retired or otherwise disposed of, related costs and accumulated depreciation and amortization are removed from the accounts. Depreciation and amortization expense related to property and equipment for the fiscal years ended April 30, 2012, 2011 and 2010 totaled $496, $632 and $556, respectively.

Repair and maintenance costs are charged to operations as incurred.

Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less cost to sell, and no longer depreciated. The Company considers various valuation factors, principally undiscounted cash flows, to assess the fair values of long-lived assets.

Intangible Assets and Goodwill

Intangible assets with determinable lives, other than customer relationships, 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. The Company evaluates the recoverability of intangible assets periodically and takes into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists.

All of the Company's intangible assets with definitive lives are subject to amortization. During the third quarter of fiscal 2012, the XcelaSAN product was available for general release and generated approximately $8 of revenue, which was significantly lower than expected. The Company capitalized approximately $0.9 million of XcelaSAN development cost in the first six months of fiscal 2012. The Company capitalized approximately $1.5 million of XcelaSAN research and development costs in fiscal 2011. The Company determined in fiscal 2012's third quarter based on the estimated future net realizable value for the expected periods of benefit that the carrying value of capitalized software development cost was impaired. As such, approximately $2.4 million of capitalized software development cost was written down to zero. 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 the annual impairment test is March 1. There has been no impairment of Goodwill in any of the periods presented.

The Company estimates that it has no significant residual value related to its intangible assets. Intangible assets amortization expense was $164 for fiscal year 2012, $407 for fiscal year 2011 and $637 for fiscal year 2010. As of April 30, 2012, the components of finite-lived intangible assets acquired are as follows:

	Gross Carrying Amount	Weighted Average Life	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 758	2 Years	$ 758	$ 0
Trade names	733	5 Year	451	282
Non-compete agreement	68	4 Years	53	15
	$ 1,559		$ 1,262	$ 297

As of April 30, 2011, the components of finite-lived intangible assets acquired were as follows:

	Gross Carrying Amount	Weighted Average Life	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 758	2 Years	$ 758	$ 0
Trade names	733	5 Years	305	428
Non-compete agreement	68	4 Years	36	32
Software development costs	1,480			1,480
	$ 3,039		$ 1,099	$ 1,940

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

Year ending April 30:

2013	$	163
2014		134
	$	297

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.

Engineering and Research and Development

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 of 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, the Company discontinued capitalizing development costs.

During the third quarter of fiscal 2012, the XcelaSAN product was available for general release and generated approximately $8 of revenue, which was significantly lower than expected. The Company capitalized approximately $0.9 million of XcelaSAN development cost in the first six months of fiscal 2012. The Company capitalized approximately $1.5 million of XcelaSAN research and development costs in fiscal 2011. The Company determined in fiscal 2012's third quarter based on the estimated future net realizable value for the expected periods of benefit that the carrying value of capitalized software development cost was impaired. As such, approximately $2.4 million of capitalized software development cost was written down to zero.

Advertising

Advertising is expensed as incurred and amounted to $223, $228, and $389 in fiscal year 2012, fiscal year 2011 and fiscal year 2010, respectively.

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 the technical merits of the position. There are no material unrecognized tax positions in the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. 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. At April 30, 2012 and 2011, amounts due from one customer totaled approximately 16% and 22%, respectively of accounts receivable.

In fiscal 2012, fiscal 2011 and fiscal 2010, the Company had sales to one customer that accounted for approximately 11% each year of revenues.

Net income (loss) per share

Basic net income per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share was calculated in a manner consistent with basic net income (loss) per share except that the weighted average number of common shares outstanding also includes the dilutive effect of stock options outstanding (using the treasury stock method).

The following presents a reconciliation of the numerator and denominator used in computing basic and diluted net loss per share.

	Year ended April 30, 2012		
	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share-net loss and weighted average common shares outstanding	$ (3,259)	10,625,713	$ (.31)
Effect of dilutive securities-stock options	-	-	-
Diluted net loss per share -net loss weighted average common shares outstanding and effect of stock options	$ (3,259)	10,625,713	$ (.31)

	Year ended April 30, 2011		
	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share-net loss and weighted average common shares outstanding	$ (4,634)	8,923,268	$ (.52)
Effect of dilutive securities-stock options	-	-	-
Diluted net loss per share-net loss weighted average common shares outstanding and effect of stock options	$ (4,634)	8,923,268	$ (.52)

	Year ended April 30, 2010		
	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share-net loss and weighted average common shares outstanding	$ (10,743)	8,890,914	$ (1.21)
Effect of dilutive securities-stock options	-	-	-
Diluted net loss per share-net loss, weighted average common shares outstanding and effect of stock options	$ (10,743)	8,890,914	$ (1.21)

Diluted net loss per common share does not include the effect of options to purchase 1,795,900, 1,899,200 and 1,996,800 shares of common stock for the years ended April 30, 2012, 2011 and 2010, respectively, because they are anti-dilutive. Diluted net loss per common share for the year ended April 30, 2012 also does not include the effect of warrants to purchase 1,331,250 of common shares because they are anti-dilutive.

Product Warranty

The majority of the Company's products are intended for single use; therefore, the Company requires limited product warranty accruals. The Company accrues estimated product warranty cost at the time of sale and any additional amounts are recorded when such costs are probable and can be reasonably estimated.

	Balance Beginning of Year	Charges to Costs and Expenses	Other	Deductions	Balance End of Year
Year Ended April 30, 2012	$ 79	6	-	(6)	$ 79
Year Ended April 30, 2011	$ 79	1	-	(1)	$ 79
Year Ended April 30, 2010	$ 79	6	-	(6)	$ 79

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.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to market data and other valuation techniques as appropriate. The Company believes that there is no material difference between the fair value and the reported amounts of financial instruments in the consolidated balance sheets.

Stock-Based Compensation

At April 30, 2012, the Company has stock-based employee and director compensation plans, which are described more fully in Note 6. New shares of the Company's common stock are issued upon exercise of stock options.

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.

The Company's consolidated statement of operations for fiscal year ended April 30, 2012 includes $451 of stock based compensation expense. Stock based compensation expense is recognized in the results of operations on a ratable basis over the vesting periods. These stock option grants have been classified as equity instruments, and as such, a corresponding increase has been reflected in additional paid-in capital in the accompanying balance sheet as of April 30, 2012. In fiscal 2011 and fiscal 2010, stock-based compensation expense totaled $610 and $918, respectively. A corresponding increase is reflected in additional paid-in capital for these years. 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 fiscal year ended April 30, 2012 is as follows:

	Shares	Weighted average exercise price	Weighted average remaining contractual life	Aggregate intrinsic value(1)
Balance April 30, 2011	1,849,200	$ 2.88	5.91	$ 88
Granted	288,000	$ 1.10	-	-
Exercised	-	-	-	-
Expired	(391,300)	$ 3.97	-	-
Balance April 30, 2012	1,745,900	$ 2.34	5.29	-
Exercisable April 30, 2012	1,167,900	$ 2.62	5.43	-
Expected to vest April 30, 2012	1,659,000	$ 2.34	5.29	-

(1) These amounts represent the difference between the exercise price and the closing price of Dataram common stock as of the end of the reporting period, $1.04 on April 30, 2012 as reported on the NASDAQ Stock Market. There are nil in-the-money options outstanding at April 30, 2012.

During fiscal 2012, 296,000 options completed vesting. As of April 30, 2012, there was $218 of total unrecognized compensation expense related to stock options. This expense is expected to be recognized over a weighted average period of approximately eight months. At April 30, 2012, 200,000 shares were authorized for future grant under the Company's stock option plans.

The fair value of each stock option granted during the year is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

		2012		2011		2010
Expected life (years)		3.0 to 3.3		3.0 to 6.0		3.0 to 6.0
Expected volatility		77%		56% to 79%		56%
Expected dividend yield		-		-		-
Expected forfeiture rate		5.0%		5.0%		5.0%
Risk-free interest rate		0.5% to 0.6%		0.7% to 2.9%		1.6% to 2.8%
Weighted average fair value of options granted during the year	$	0.56	$	1.07	$	2.55

The expected life represents the period that the Company's stock-based awards are expected to be outstanding and was calculated using the simplified method pursuant to SEC Staff Accounting Bulletin (SAB) Nos. 107 and 110. Expected volatility is based on the historical volatility of the Company's common stock using the daily closing price of the Company's common stock, pursuant to SAB 107. Expected dividend yield assumes the current dividend rate remains unchanged. Expected forfeiture rate is based on the Company's historical experience. The risk-free interest rate is based on the rate of U.S Treasury zero-coupon issues with a remaining term equal to the expected life of the option grants.

Goodwill:

On March 31, 2009, the Company acquired the assets of MMB for cash plus contingent consideration. The excess of consideration paid over the net assets acquired is recorded as goodwill. We are obligated under the Asset Purchase Agreement to make contingent payments based on the earnings of MMB through March 31, 2013. The contingent purchase price amount for the acquisition in the fiscal year ended April 30, 2012 totaled $211 and is recorded as an addition to goodwill. The cumulative contingent purchase amount for the acquisition through April 30, 2012 totaled $2.4 million.

Following are details of the changes in our goodwill balances during the fiscal years ended April 30, 2012 and 2011:

		Fiscal year ended April 30, 2012		Fiscal year ended April 30, 2011
Beginning balance	$	1,242	$	754
Contingently payable acquisition purchase price		211		488
Ending balance	$	1,453	$	1,242

We test goodwill for impairment annually on March 1, using a fair value approach.

(2) Financing Agreements

On February 24, 2010, the Company entered into a Note and Security Agreement with David Sheerr, the sole owner of Sheerr Memory, LLC and a current employee and executive officer of the Company (See Note 4). Under the agreement, the Company borrowed the principal sum of $1.0 million 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. No further financing is available to the Company under this agreement.

On July 27, 2010, the Company entered into an agreement with a financial institution for formula-based secured debt financing of up to $5.0 million. Borrowings are secured by substantially all assets. On March 2, 2012, the agreement was amended to reduce the amount available under the credit facility to $3.5 million which, according to the Company's projections, will be sufficient to allow for maximum borrowing under the formulas provided for in the agreement**.** On May 17, 2012, the agreement was amended and restated. The amended and restated documents reduced the interest rate to prime plus 6%, subject to a minimum of 9.25% and also not less than $8 per month. The loan facility allows borrowing of 90% of eligible domestic receivables. In addition, the loan facility now allows borrowing of 90% of eligible foreign receivables to a maximum of $500 and 25% of eligible inventory to a maximum of 20% of the amount available on receivables. The total credit line remains at $3.5 million and the Tangible Net Worth covenant is $2.0 million, measured quarterly. The Company agreed to pay an exit fee if it terminates the agreement more than 30 days prior to the one year anniversary of the amended and restated agreement. The amount of financing available to the Company under the agreement varies with the Company's eligible accounts receivable and inventory. At April 30, 2012, the Company had approximately $1.1 million of additional financing available to it under the terms of the agreement.

Also, on July 27, 2010, the Company entered into an agreement with a vendor, Sheerr Memory, to consign a formula-based amount of up to $3.0 million of certain inventory into the Company's manufacturing facilities. As of April 30, 2011, the Company has received financing totaling $1.5 million under this agreement, of which $1.0 million 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 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 $2.0 million. 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 $1.5 million under the agreement and repaid in full the $1.5 million 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 $2.0 million available under this agreement. Principal amounts due under this obligation are $33 per month beginning on July 15, 2012. For the next fiscal year following April 30, 2012, the principal amount due under this obligation is $333. In each of four fiscal periods from May 1, 2013 thru April 30, 2017, the principal amounts due under this obligation are $400. In the fiscal period from May 1, 2017 thru June 30, 2017, the principal amount due on this obligation is $67.

The weighted average interest rate on amounts borrowed under these agreements at April 30, 2012 and 2011 was 12.0% and 11.4%, respectively. The average dollar amount borrowed under these agreements for the fiscal years ended April 30, 2012, 2011 and 2010 was $2,121, $2,263 and $250, respectively.

(3) 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 $3.0 million. 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 became 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 has 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.

(4) Related Party Transactions

During fiscal 2012 and 2011, the Company purchased inventories for resale totaling approximately $5.4 million and $2.6 million, respectively from Sheerr Memory.

When the Company acquired certain assets of MMB, it did not acquire any of its inventory. However, the Company informally agreed to purchase such inventory on an as needed basis, provided that the offering price was a fair market value price. The inventory acquired was purchased subsequent to the acquisition of MMB at varying times and consisted primarily of raw materials and finished goods used to produce products sold by the MMB business unit. Approximately $245 and $1.1 million respectively, of accounts payable in the Company's consolidated balance sheets as of April 30, 2012 and 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 April 30, 2012 and management anticipates that the Company will continue to do so, although the Company has no obligation to do so.

The Company has financing agreements with related parties (see note 2) Interest paid in fiscal 2012 to Sheerr Memory and David Sheerr totaled $178. Interest payable to David Sheerr on April 30, 2012 is $17.

(5) Income Taxes

Income tax expense for the years ended April 30 consists of the following:

	2012	2011	2010
Current:			
Federal	$ -	$ -	$ -
State	5	5	29
	5	5	29
Deferred:			
Federal	-	-	3,216
State	-	-	366
	-	-	3,582
Total income tax expense	$ 5	$ 5	$ 3,611

Income tax expense differs from "expected" tax expense (computed by applying the applicable U. S. statutory Federal income tax rate to earnings before income taxes) as follows:

	2012	2011	2010
Federal income tax at statutory rates	$ (1,106)	$ (1,574)	$ (2,425)
State income taxes (net of Federal income tax benefit)	(193)	(319)	395
Other	(47)	(259)	(138)
Total income tax expense (benefit) before provision for valuation allowance	(1,346)	(2,152)	(2,168)
Changes in valuation allowance	1,351	2,157	5,779
Total income tax expense	$ 5	$ 5	$ 3,611

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	2012	2011
Deferred tax assets:		
Compensated absences and severance, principally due to accruals for financial reporting purposes	$ 99	$ 121
Stock-based compensation expense	1,202	1,026
Accounts receivable, principally due to allowance for doubtful accounts and sales returns	78	88
Property and equipment, principally due to differences in depreciation	253	289
Intangible assets	360	390
Inventories	88	183
Domestic net operating losses	7,491	6,703
Software development costs	-	(577)
Alternative minimum tax	438	438
Other	66	58
Net deferred tax assets	10,075	8,719
Valuation allowance	(10,075)	(8,719)
Net deferred tax assets	$ 0	$ 0

The Company recorded a valuation allowance of $1.4 million and $2.2 million for the fiscal years ended April 30, 2012 and 2011, respectively. Management believes sufficient uncertainty exists regarding the realizability of the deferred tax asset items and that a valuation allowance is required. Management considers projected future taxable income and tax planning strategies in making this assessment. The amount of deferred tax assets considered realizable could materially change in the future if estimates of future taxable income change.

The Company has Federal and State net operating loss carryforwards of approximately $19.0 million and $17.1, million respectively. These can be used to offset future taxable income and expire between 2023 and 2032 for Federal tax purposes and 2016 and 2032 for State tax purposes.

The Company adopted FASB guidance for accounting for uncertainty in income taxes on May 1, 2008. The implementation of this guidance did not result in a material adjustment to the Company's liability for unrecognized income tax benefits. At the time of adoption and as of April 30, 2012, the Company currently was not and is not engaged in an income tax examination by any tax authority. The Company recognizes interest and penalties on unpaid taxes in its income tax expense. No interest or penalties were recognized during the Company's fiscal years ended April 30, 2012, 2011, or 2010.The Company files income tax returns in the United States and in various states. The Company's significant tax jurisdictions are the U.S. Federal, New Jersey and Pennsylvania. The tax years subsequent to 2007 remain open to examination by the taxing authorities.

(6) Stock Options

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. Currently, options granted under the plan vest ratably on the annual anniversary date of the grants. Vesting periods for options currently granted under the plan range from one to five years. At April 30, 2012, 1,009,900 of the outstanding options are exercisable. No Futher options may be granted under this plan.

The status of the plan for the three years ended April 30, 2012, is as follows:

	Options Outstanding		
	Shares	Exercise price per share	Weighted average exercise price
Balance April 30, 2009	965,675	$ 1.280-24.250	$ 4.491
Granted	899,500	1.530-2.650	2.549
Exercised	(17,125)	1.990-4.090	2.576
Expired	(221,250)	1.990-24.250	6.303
Balance April 30, 2010	1,626,800	$ 1.280-24.250	$ 3.191
Granted	139,000	1.580-2.160	1.758
Exercised	(10,000)	1.280	1.280
Expired	(190,600)	1.580-24.250	5.566
Balance April 30, 2011	1,565,200	$ 1.280-7.980	$ 2.786
Granted	288,000	1.060-1.120	1.099
Exercised	-	-	-
Expired	(335,300)	1.120-7.980	3.611
Balance April 30, 2012	1,517,900	$ 1.060-4.090	$ 2.284

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. There have been nil shares granted under this plan.

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 under the plan range from one to two years. At April 30, 2012, 228,000 of the outstanding options are exercisable.

The status of the non-employee director options for the three years ended April 30, 2012, is as follows:

	Options Outstanding		
	Shares	**Exercise price per share**	**Weighted average exercise price**
Balance April 30, 2009	292,000	$ 1.990-7.980	$4.668
Granted	140,000	2.570	2.570
Exercised	(32,000)	1.990-3.330	2.325
Expired	(80,000)	2.990-7.980	5.672
Balance April 30, 2010	320,000	$ 1.990-7.980	$ 3.734
Granted	-	-	-
Exercised	-	-	-
Expired	(36,000)	6.420-6.630	6.560
Balance April 30, 2011	284,000	$ 1.990-7.980	$ 3.375
Granted	-	-	-
Exercised	-	-	-
Expired	(56,000)	4.700-7.980	6.106
Balance April 30, 2012	228,000	$ 1.990-4.090	$ 2.705

Other Stock Option Expense

During fiscal 2009's first quarter, the Company granted options to purchase 50,000 shares of the Company's common stock to a privately held company in exchange for certain patents and other intellectual property. The options granted are exercisable at a price representing the fair value at the date of grant, were 100% exercisable on the date of grant and expire ten years after the date of grant. The calculated fair value of these options was approximately $121 and was determined using the Black-Scholes option-pricing model.

(7) Accrued Liabilities

Accrued liabilities consist of the following at April 30:

	2012	2011
Payroll, including vacation	$ 259	$ 331
Commissions	100	125
Bonuses	130	148
Contingently payable acquisition purchase price	-	56
Other	277	180
	$ 766	$ 840

(8) Commitments and contingencies

Leases

The Company and its subsidiaries occupy various facilities and operate various equipment under operating lease arrangements. Rent charged to operations pursuant to such operating leases amounted to approximately $516 in 2012, $655 in 2011 and $654 in 2010.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2012 are as follows:

Year ending April 30:	
2013	$ 352
2014	365
2015	374
2016	368
2017	114
Thereafter	-
	$ 1,573

Purchases

At April 30, 2012, the Company had open purchase orders outstanding totaling $1.3 million primarily for inventory items to be delivered in the first three months of fiscal 2013. These purchase orders are cancelable.

License Agreements

The Company has entered into certain licensing agreements with varying terms and conditions. The Company is obligated to pay royalties on certain of these agreements. Royalties charged to operations pursuant to such agreements amounted to approximately $94 in 2012, $93 in 2011 and $131 in 2010.

Legal Proceedings

The landlord for the property previously leased by the Company in Ivyland, Pennsylvania filed suit against the Company, which vacated the property at the expiration of its lease, for the Company's alleged failure to restore the property to its original condition. The landlord is currently in possession of a security deposit in the amount of $52. The Company denies its liability for the restoration of the property and believes that the outcome cannot be determined at this time. After consulting with legal counsel, management estimates that any amounts ultimately due by the Company will not have a material impact on the Company's financial condition.

(9) Employee Benefit Plan

The Company has a defined contribution plan (the Plan) which is available to all qualified employees. Employees may elect to contribute a portion of their compensation to the Plan, subject to certain limitations. The Company contributes a percentage of the employee's contribution, subject to a maximum of 4.5 percent. The Company's matching contributions aggregated approximately $248, $301 and $307 in 2012, 2011 and 2010, respectively.

(10) Revenues by Geographic Location

The Company operates in one business segment and develops, manufactures and markets a variety of memory systems for use with servers and workstations which are manufactured by various companies. Revenues, total assets and long lived assets for 2012, 2011 and 2010 by geographic region is as follows:

	United States	Europe	Other*	Consolidated
April 30, 2012				
Revenues	$ 27,980	$ 5,393	$ 2,706	$ 36,079
Total assets	$ 11,373	$ 54	$ 3	$ 11,430
Long lived assets	$ 2,503	$ 0	$ 0	$ 2,503
April 30, 2011				
Revenues	$ 37,400	$ 6,481	$ 2,966	$ 46,847
Total assets	$ 14,783	$ 37	$ 0	$ 14,820
Long lived assets	$ 4,256	$ 0	$ 0	$ 4,256
April 30, 2010				
Revenues	$ 35,566	$ 4,484	$ 3,970	$ 44,020
Total assets	$ 17,511	$ 133	$ 9	$ 17,653
Long lived assets	$ 2,738	$ 0	$ 0	$ 2,738

*Principally Asia Pacific Region

(11) Quarterly Financial Data (Unaudited)

Fiscal 2012	Quarter Ended			
	July 31	October 31	January 31	April 30
Revenues	$ 10,270	$ 10,406	$ 8,420	$ 6,983
Gross profit	2,894	2,521	1,671	1,484
Net income (loss)	(854)	(1,179)	(4,183)	2,957
Net income (loss) per basic and diluted common share	(.08)	(.11)	(.39)	.28

Fiscal 2011	Quarter Ended			
	July 31	October 31	January 31	April 30
Revenues	$ 12,744	$ 10,949	$ 11,873	$ 11,281
Gross profit	3,123	2,413	2,903	2,631
Net loss	(1,239)	(1,715)	(839)	(841)
Net loss per basic and diluted common share	(.14)	(.19)	(.09)	(.09)

Earnings (loss) per share is calculated independently for each quarter and, therefore, may not equal the total for the year.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Dataram Corporation

We have audited the accompanying consolidated balance sheets of Dataram Corporation and Subsidiaries as of April 30, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended April 30, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dataram Corporation and Subsidiaries as of April 30, 2012 and 2011, and their results of operations and cash flows for each of the years in the three-year period ended April 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ J.H. Cohn LLP
Roseland, New Jersey
July 27, 2012

Selected Financial Data
(Not covered by Independent Registered Public Accounting Firm's Reports)
(In thousands, except per share amounts)

Years Ended April 30,	2012	2011	2010	2009	2008
Revenues	$ 36,079	$ 46,847	$ 44,020	$ 25,897	$ 30,893
Net earnings (loss)	(3,259)	(4,634)	(10,743)	(3,135)	1,608
Basic earnings (loss) per share	(.31)	(.52)	(1.21)	(.35)	.18
Diluted earnings (loss) per share	(.31)	(.52)	(1.21)	(.35)	.18
Current assets	8,927	10,564	14,810	18,533	24,865
Total assets	11,430	14,820	17,653	24,555	26,110
Current liabilities	2,237	7,439	6,261	3,075	2,491
Total stockholders' equity	7,526	7,381	11,392	21,099	23,619
Cash dividends paid	-	-	-	-	2,114

DIRECTORS AND CORPORATE OFFICERS

Directors

John H. Freeman
President and Chief Executive Officer
of Dataram Corporation

Thomas A. Majewski*
Chairman of the Board of Directors

Roger C. Cady*
Principal, Arcadia Associates

Rose Ann Giordano*
President, Thomis Partners

*Member of audit committee

Corporate Officers

John H. Freeman
President and Chief Executive Officer

Mark E. Maddocks (Retired January 13, 2012)
Vice President, Finance and
Chief Financial Officer

Marc P. Palker
Chief Financial Officer

Jeffrey H. Duncan
Vice President of Manufacturing
and Engineering

David A. Sheerr
General Manager, Micro Memory Bank

Anthony M. Lougee
Controller

Thomas J. Bitar
Secretary
Member, Dillon, Bitar & Luther, L.L.C.

Corporate Headquarters

Dataram Corporation
777 Alexander Park
Suite 100
Princeton, NJ 08540
609-799-0071

Auditors

J.H. COHN LLP
Roseland, NJ

General Counsel

Dillon, Bitar & Luther, L.L.C.
Florham Park, NJ

Transfer Agent and Registrar

American Stock Transfer and Trust Company
10150 Mallard Creek Drive
Suite 307
Charlotte, NC 28262

Stock Listing

Dataram's common stock is listed on
the NASDAQ with the trading symbol DRAM.

Annual Meeting

The annual meeting of shareholders
will be held on Thursday, September 27,
2012, at 2:00 p.m. at Dataram's
corporate headquarters at:
777 Alexander Park
Suite 100
Princeton, NJ 08540

Form 10-K

A copy of the Company's Annual Report
on Form 10-K filed with the Securities
& Exchange Commission is available
without charge to shareholders.

Address requests to:

Chief Financial Officer
Dataram Corporation
777 Alexander Park
Suite 100
Princeton, NJ 08540

Corporate Headquarters
Dataram Corporation
777 Alexander Park
Suite 100
Princeton, NJ 08540
Toll Free: 800-DATARAM
Phone: 609-799-0071
Fax: 609-799-6734
www.dataram.com

Exhibit 23(a)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (No. 33-56282) on Form S-8, the Registration Statement (No. 333-177256) on Form S-8 and the Registration Statement (No. 333-173212) on Form S-3 of Dataram Corporation and of our report dated July 27, 2012, relating to the consolidated balance sheets of Dataram Corporation and Subsidiaries as of April 30, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended April 30, 2012 which report appears in the April 30, 2012 Annual Report on Form 10-K of Dataram Corporation.

/s/ J.H. Cohn LLP

Roseland, New Jersey
July 27, 2012

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 annual report on Form 10-K 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: July 27, 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 annual report on Form 10-K 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: July 27, 2012

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

Exhibit 32(a)

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

In connection with the Annual Report of Dataram Corporation, a New Jersey corporation (the Company"), on Form 10-K for the year ended April 30, 2012, as filed with the Securities and Exchange Commission (the "Report"), John H. Freeman, Chief Executive Officer of the Company, does hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that to his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

July 27, 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 Annual Report of Dataram Corporation, a New Jersey corporation (the "Company"), on Form 10-K for the year ended April 30, 2012, as filed with the Securities and Exchange Commission (the "Report"), Marc P. Palker, Chief Financial Officer of the Company, does hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that to his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

July 27, 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.]