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

FORM 10-Q

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

For the quarterly period ended January 31, 2013

or

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

For the transition period from _____________ to _____________

Commission file number: **1-8266**

DATARAM CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey	**22-1831409**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 7528, Princeton, NJ	**08543**
(Address of principal executive offices)	(Zip Code)

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

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

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock ($1.00 par value): As of March 22, 2013, there were 1,755,626 shares outstanding.

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Dataram Corporation and Subsidiaries
Consolidated Balance Sheets
January 31, 2013 and April 30, 2012

	January 31, 2013 (Unaudited)	April 30, 2012 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	$ 759,346	$ 3,274,741
Accounts receivable, less allowance for doubtful accounts and sales returns of $200,000 at January 31, 2013 and April 30, 2012	2,308,049	2,604,775
Inventories	2,912,637	2,932,072
Other current assets	115,698	115,652
Total current assets	6,095,730	8,927,240
Note receivable	750,000	—
Property and equipment, at cost:		
Machinery and equipment	11,732,970	11,975,980
Leasehold improvements	607,867	607,867
	12,340,837	12,583,847
Less: accumulated depreciation and amortization	11,841,475	11,885,435
Net property and equipment	499,362	698,412
Other assets	55,918	54,832
Intangible assets, net of accumulated amortization	173,866	296,566
Goodwill	1,521,555	1,453,034
	$ 9,096,431	$ 11,430,084
Liabilities and Stockholders' Equity		
Current liabilities:		
Note payable-revolving credit line	$ 1,472,350	$ 120,986
Accounts payable	630,812	1,017,328
Accrued liabilities	642,821	765,623
Due to related party – current portion	400,000	333,333
Total current liabilities	3,145,983	2,237,270
Due to related party – long term	1,366,667	1,666,667
Total liabilities	4,512,650	3,903,937
Stockholders' equity:		
Common stock, par value $1.00 per share.		
Authorized 9,000,000 shares; 1,755,626 issued and outstanding at January 31, 2013 and 1,783,885 issued and 1,776,568 outstanding at April 30, 2012	1,755,626	1,783,885
Treasury stock 7,317 shares as of April 30, 2012 at cost	—	(45,299)
Additional paid-in capital	19,260,921	19,215,190
Accumulated deficit	(16,432,766)	(13,427,629)
Total stockholders' equity	4,583,781	7,526,147
	$ 9,096,431	$ 11,430,084

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiaries
Consolidated Statements of Operations
Three and Nine Months Ended January 31, 2013 and 2012
(Unaudited)

	2013		2012	
	Three Months	Nine Months	Three Months	Nine Months
Revenues	$6,438,961	$21,396,469	$8,420,135	$29,095,949
Costs and expenses:				
Cost of sales	4,928,798	17,005,203	6,749,616	22,010,316
Engineering	152,388	548,224	181,142	560,505
Selling, general and administrative	2,069,826	6,613,321	3,149,333	9,978,428
Impairment of capitalized software	—	—	2,387,241	2,387,241
	7,151,012	24,166,748	12,467,332	34,936,490
Loss from operations	(712,051)	(2,770,279)	(4,047,197)	(5,840,541)
Other income (expense):				
Interest expense, net	(73,586)	(216,336)	(100,077)	(298,294)
Currency gain (loss), net	3,974	(18,522)	(30,456)	(71,727)
Total other expense, net	(69,612)	(234,858)	(130,533)	(370,021)
Loss before income taxes	(781,663)	(3,005,137)	(4,177,730)	(6,210,562)
Income tax expense	—	—	4,881	4,881
Net loss	$ (781,663)	$ (3,005,137)	$ (4,182,611)	$ (6,215,443)
Net loss per share of common stock				
Basic	$ (.44)	$ (1.68)	$ (2.34)	$ (3.52)
Diluted	$ (.44)	$ (1.68)	$ (2.34)	$ (3.52)

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Nine Months Ended January 31, 2013 and 2012
(Unaudited)

	2013	2012
Cash flows from operating activities:		
Net loss	$ (3,005,137)	$ (6,215,443)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	327,700	525,699
Bad debt expense	57,888	17,885
Stock-based compensation expense	205,033	378,523
Impairment of software development cost	—	2,387,241
Changes in operating assets and liabilities:		
Decrease in accounts receivable	238,838	1,849,199
Decrease in inventories	19,435	2,138,100
Decrease (increase) in other current assets	(46)	30,992
Decrease (increase) in other assets	(1,086)	29,150
Decrease in accounts payable	(386,516)	(2,239,106)
Increase (decrease) in accrued liabilities	(122,802)	18,427
Net cash used in operating activities	(2,666,693)	(1,079,333)
Cash flows from investing activities:		
Acquisition of business	(68,521)	(211,053)
Additions to property and equipment	(5,950)	(223,948)
Software development costs	—	(907,069)
Issuance of note receivable	(750,000)	—
Net cash used in investing activities	(824,471)	(1,342,070)
Cash flows from financing activities:		
Net proceeds (payments) under revolving credit line	1,351,364	(683,051)
Net proceeds (payments) of note payable to related party	(233,333)	500,000
Net proceeds from sale of common stock	—	2,997,875
Purchase of treasury stock	(142,262)	—
Net cash provided by financing activities	975,769	2,814,824
Net increase (decrease) in cash and cash equivalents	(2,515,395)	393,421
Cash and cash equivalents at beginning of period	3,274,741	345,105
Cash and cash equivalents at end of period	$ 759,346	$ 738,526
Supplemental disclosure of non-cash financing activities:		
Borrowings from and repayment to related party	$ —	$ 1,500,000
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 146,824	$ 277,212
Income taxes	$ —	$ 4,881

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiaries
Notes to Consolidated Financial Statements
January 31, 2013 and 2012
(Unaudited)

(1) Basis of Presentation

The information for the three and nine months ended January 31, 2013 and 2012 is unaudited, but includes all adjustments (consisting of normal recurring adjustments) which, in the opinion of management, are necessary to state fairly the financial information set forth therein in accordance with accounting principles generally accepted in the United States of America. The interim results are not necessarily indicative of results to be expected for the full fiscal year. These financial statements should be read in conjunction with the audited financial statements for the year ended April 30, 2012 included in Dataram Corporation's, ("the Company"), 2012 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The April 30, 2012 balance sheet has been derived from these statements.

The consolidated financial statements for the three and nine months ended January 31, 2013 and 2012 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.

Based on the cash provided from a sale of the patents in March of 2012, the repayment of the Shoreline Memory, Inc. note, along with the Company's ability to borrow under its current agreement with a financial institution, management has concluded that the Company's short-term liquidity needs have been satisfied. There can be no assurance, however, that in the short-term, realized revenues will be in line with the Company's projections. Actual results may differ from such projections and are subject to certain risks including, without limitation, risks arising from: an adverse change in general economic conditions, changes in the price of memory chips, changes in the demand for memory systems for workstations and servers, changes in the demand for storage caching subsystems, increased competition in the memory systems and storage industries and other factors described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. Management continues to evaluate the Company's liquidity needs and expense structure and adjust its business plan as necessary. In order to satisfy long-term liquidity needs, the Company will need to generate profitable operations and positive cash flows from operations, or raise capital from the sales of equity or debt securities, or obtain financing from non-traditional sources. There can be no assurance that any of these alternatives will be successful.

On January 31, 2013, the Company filed a proxy statement with the Securities and Exchange Commission for the purpose of calling a special meeting of its stockholders. The Board of Directors asked the stockholders to approve the Board's action in effecting a reverse split of its common stock at a ratio of no less than 1 for 3 and no greater than 1 for 6. The meeting was held at the Company's offices on March 13, 2013. The stockholders approved the action and immediately following the meeting, the Board of Directors voted to affect a reverse split of its common stock at the ratio of 1 for 6. The split shares were effective with the opening of trading on March 15, 2013. The common stock closed at $.30 on the previous day. In order to regain compliance, the Company's post-split common stock must trade above $1.00 for ten consecutive days. The Company is currently under a delisting notice and the Company has requested a hearing which is scheduled for March 28, 2013 which date would be the tenth trading day. Provided the common stock trades above $1.00 for the previous nine days, NASDAQ would be willing to postpone the hearing for the Company to regain compliance and, as such, the hearing would be canceled. Relevant financial data has been adjusted in this report to reflect the 1 for 6 reverse stock split.

(2) Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Significant estimates made by management include the allowance for doubtful accounts and sales returns, the collectability of note receivable, the deferred income tax asset valuation allowance and other operating allowances and accruals. Actual results could differ from those estimates.

Engineering and Research and Development

Research and development costs are expensed as incurred, 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 had 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 $907,000 of XcelaSAN development cost in the first six months of fiscal 2012. The Company capitalized approximately $1,480,000 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 $2,387,000 of capitalized software development cost was written down to zero.

Advertising

Advertising is expensed as incurred and amounted to approximately $10,000 and $77,000 in fiscal 2013's three and nine month periods, respectively, versus approximately $51,000 and $192,000, respectively, in the comparable prior year periods.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The Company considers certain tax planning strategies in its assessment as to the recoverability of its tax assets. Deferred income tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that the tax rate changes. The Company recognizes, in its consolidated financial statements, the impact of a tax position, if that position is more likely than not to be sustained on audit, based on technical merits of the position. There are no material unrecognized tax positions in the financial statements. As of January 31, 2013, 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 January 31, 2013 and April 30, 2012.

Net Loss per Share

Basic net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock issued and outstanding during the period. The calculation of diluted loss per share for the three and nine months ended January 31, 2013 and 2012 includes only the weighted average number of shares of common stock outstanding. The denominator excludes the dilutive effect of stock options and warrants outstanding as their effect would be anti-dilutive. The following presents a reconciliation of the numerator and denominator used in computing basic and diluted net loss per share for the three and nine month periods ended January 31, 2013 and 2012

	Three Months ended January 31, 2013		
	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share – net loss and weighted average common shares outstanding	$ (781,663)	1,782,925	$ (.44)
Effect of dilutive securities – stock options	—	—	—
Effect of dilutive securities – warrants	—	—	—
Diluted net loss per share – net loss, weighted average common shares outstanding and effect of stock options and warrants	$ (781,663)	1,782,925	$ (.44)

	Three Months ended January 31, 2012		
	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share – net loss and weighted average common shares outstanding	$ (4,182,611)	1,783,885	$ (2.34)
Effect of dilutive securities – stock options	—	—	—
Effect of dilutive securities – warrants	—	—	—
Diluted net loss per share – net loss, weighted average common shares outstanding and effect of stock options and warrants	$ (4,182,611)	1,783,885	$ (2.34)

	Nine Months ended January 31, 2013		
	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share – net loss and weighted average common shares outstanding	$ (3,005,137)	1,784,898	$ (1.68)
Effect of dilutive securities – stock options	—	—	—
Effect of dilutive securities – warrants	—	—	—
Diluted net loss per share – net loss, weighted average common shares outstanding and effect of stock options and warrants	$ (3,005,137)	1,784,898	$ (1.68)

	Nine Months ended January 31, 2012		
	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share – net loss and weighted average common shares outstanding	$ (6,215,443)	1,766,735	$ (3.52)
Effect of dilutive securities – stock options	—	—	—
Diluted net loss per share – net loss, weighted average common shares outstanding and effect of stock options	$ (6,215,443)	1,766,735	$ (3.52)

Diluted net loss per common share for the three and nine month periods ended January 31, 2013 and 2012 do not include the effect of options to purchase 294,908 and 331,050 shares, respectively, of common stock because they are anti-dilutive. Diluted net loss per common share for the three and nine month periods ended January 31, 2013 and 2012 do not include the effect of warrants to purchase 221,875 and 221,875 shares, respectively, of common stock because they are anti-dilutive.

Common Stock Repurchases

On December 4, 2002, the Company announced an open market repurchase plan providing for the repurchase of up to 83,333 shares of the Company's common stock. On April 10, 2012, the Company announced the additional authorization to repurchase up to 138,000 shares of the Company's common stock which at that time made the total available for purchase of up to 166,667 shares. In the first quarter of fiscal 2013 ended July 31, 2012, the Company repurchased 22,942 shares for a total cost of $142,262, versus nil in the prior year first quarter. The Company did not purchase additional shares in the second and third quarter of fiscal 2013 or 2012. As of January 31, 2013, the total number of shares authorized for purchase under the program is 136,408 shares. On January 23, 2013, the Company canceled the 30,259 shares held in treasury stock.

Stock Option Expense

a. Stock-Based Compensation

The Company has a 2001 incentive and non-statutory stock option plan for the purpose of permitting certain key employees to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. In general, the plan allows granting of up to 300,000 shares of the Company's common stock at an option price to be no less than the fair market value of the Company's common stock on the date such options are granted. Options granted under the plan vest ratably on the annual anniversary date of the grants. Vesting periods for options currently granted under the plan range from one to five years. No further options may be granted under this plan.

The Company also has a 2011 incentive and non-statutory stock option plan for the purpose of permitting certain key employees and consultants to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. No executive officer or director of the Company is eligible to receive options under the 2011 plan. In general, the plan allows granting of up to 33,333 shares of the Company's common stock at an option price to be no less than the fair market value of the Company's common stock on the date such options are granted. Options granted under the plan vest ratably on the annual anniversary date of the grants. Vesting periods for options currently granted under the plan range from one to five years. There have been no 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 range from one to two years.

On September 23, 2010, the Company granted Mr. Sheerr, who is employed by the Company as the General Manager of the acquired Micro Memory Bank, Inc. ("MMB"), business unit described in Notes 3 and 4 and is an executive officer of the Company, nonqualified stock options to purchase 16,667 shares of the Company's common stock pursuant to his employment agreement. On September 22, 2011, the Company granted Mr. Sheerr additional nonqualified stock options to purchase 16,667 shares of the Company's common stock, pursuant to his employment agreement. On July 19, 2012, the Company granted Mr. Sheerr additional nonqualified stock options to purchase 16,667 shares of the Company's common stock, also pursuant to his employment agreement. The options granted are exercisable at a price representing the fair value at the date of grant and expire five years after date of grant. The options vest in one year.

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

For transactions in which the Company receives employee services in exchange for (a) equity instruments of the Company or (b) liabilities that are based on the fair value of the Company's equity instruments or that may be settled by the issuance of such equity instruments are accounted for using a fair value-based method with a recognition of an expense for compensation cost related to share-based payment arrangements, including stock options and employee stock purchase plans.

Our consolidated statements of operations for the three and nine month periods ended January 31, 2013 include approximately $26,000 and $205,000 of stock-based compensation expense, respectively. Fiscal 2012's three and nine month periods ended January 31, 2012 include approximately $95,000 and $379,000 of stock-based compensation expense, respectively. These stock option grants have been classified as equity instruments and, as such, a corresponding increase has been reflected in additional paid-in capital in the accompanying consolidated balance sheets. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model.

A summary of option activity for the nine months ended January 31, 2013 is as follows:

	Shares		Weighted average exercise price	Weighted average remaining contractual life (1)	Aggregate intrinsic value (2)
Balance April 30, 2012	290,983	$	14.04	5.29	—
Granted	16,667	$	4.14	—	—
Exercised	—		—	—	—
Expired	(21,075)	$	16.65	—	—
Balance January 31, 2013	286,575	$	13.27	4.84	—
Exercisable January 31, 2013	257,325	$	14.10	4.91	—
Expected to vest January 31, 2013	272,167	$	13.27	4.84	—

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

(2) This amount represents the difference between the exercise price and $2.52, the closing price of Dataram common stock on January 31, 2013 as reported on the NASDAQ Stock Market, adjusted for a 1 for 6 reverse stock split, for all in-the-money options outstanding and all the in-the-money shares exercisable. There were no in-the-money options at January 31, 2013.

As of January 31, 2013, there was approximately $51,000 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of approximately six months.

b. Other Stock Options

On June 30, 2008, the Company granted options to purchase 8,333 shares of the Company's common stock to a privately held company in exchange for certain patents and other intellectual property. The options granted are exercisable at a price of $15.60 per share, which was the fair value at the date of grant, were 100% exercisable on the date of grant and expire ten years after the date of grant.

(3) Acquisition

On March 31, 2009, the Company acquired certain assets of MMB, a privately held corporation. MMB is a manufacturer of legacy to advanced solutions in laptop, desktop and server memory products. 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 Company business unit to be operated as a result of the acquisition of the ("MMB business unit") and consists of a percentage, averaging 65%, payable quarterly, over the subsequent four years from acquisition date of earnings before interest, taxes, depreciation and amortization of the MMB business unit. For the three and nine month period ended January 31, 2013, this amount totaled approximately $66,000 and $69,000, respectively. For the comparable prior year periods these amounts the totaled approximately nil and $211,000, respectively. Amounts incurred under this agreement are recorded as additions to goodwill. The net assets acquired by the Company were recorded at their respective fair values under the purchase method of accounting. The results of operations of MMB for the period from the acquisition date, March 31, 2009, through January 31, 2013 have been included in the consolidated results of operations of the Company.

(4) Related Party Transactions

During the three month periods ending January 31, 2013 and 2012, the Company purchased inventories for resale totaling approximately $584,000 and $300,000, respectively, from Sheerr Memory, LLC. During the nine month periods ending January 31, 2013 and 2012, the Company purchased inventories for resale totaling approximately $2,696,000 and $3,628,000, respectively, from Sheerr Memory, LLC ("Sheerr Memory"). Sheerr Memory's owner ("Mr. Sheerr") is employed by the Company as the general manager of the acquired MMB business unit described in Note 3 and is an executive officer of the Company. When the Company acquired certain assets of MMB, it did not acquire any of its inventories. However, the Company informally agreed to purchase such inventory on an as needed basis, provided that the offering price was a fair market value price. The inventory acquired was purchased subsequent to the acquisition of MMB at varying times and consisted primarily of raw materials and finished goods used to produce products sold by the MMB business unit. Approximately $74,000 and nil, respectively, of accounts payable in the Company's consolidated balance sheets as of January 31, 2013 and 2012 is payable to Sheerr Memory. Sheerr Memory offers the Company trade terms of net 30 days and all invoices are settled in the normal course of business. No interest is paid. The Company has made further purchases from Sheerr Memory subsequent to January 31, 2013 and management anticipates that the Company will continue to do so, although the Company has no obligation to do so. Also included in accounts payable at January 31, 2013 is approximately $69,000 payable to Sheerr Memory for the aforementioned acquisition of MMB.

On December 14, 2011, the Company entered into a Note and Security Agreement with Mr. Sheerr. The agreement provides for secured financing of up to $2,000,000. The Company is obligated to pay monthly, interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance. Principal is payable in sixty equal monthly installments, beginning on July 15, 2012. The Company may prepay any or all sums due under this agreement at any time without penalty. On closing, the Company borrowed $1,500,000 under the agreement and repaid in full the $1,500,000 due under a previous Note. The Company has borrowed the full $2,000,000 available under this agreement. Principal payments due under this obligation are $33,333 per month which began on July 15, 2012. For the fiscal year ending April 30, 2013, the principal amount due under this obligation is $333,333. In each of four fiscal periods from May 1, 2013 through April 30, 2017, the principal amounts due under this obligation are $400,000. In the fiscal period from May 1, 2017 through June 30, 2017, the principal amount due on this obligation is $66,667. Interest expense recorded for the Note in the three and nine months ended January 31, 2013 was $45,991 and $145,370, respectively. Interest payable to Mr. Sheerr on January 31, 2013 was $15,213.

(5) Cash and Cash Equivalents

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

(6) Accounts Receivable

Accounts receivable consists of the following categories:

	January 31, 2013	April 30, 2012
Trade receivables	$ 2,349,532	$ 2,620,461
VAT receivable	158,517	184,314
Allowance for doubtful accounts and sales returns	(200,000)	(200,000)
	$ 2,308,049	$ 2,604,775

(7) Inventories

Inventories are valued at the lower of cost or market, with costs determined by the first-in, first-out method. Inventories at January 31, 2013 and April 30, 2012 consist of the following categories:

	January 31, 2013	April 30, 2012
Raw materials	$ 1,779,951	$ 1,921,151
Work in process	36,141	29,767
Finished goods	1,096,545	981,154
	$ 2,912,637	$ 2,932,072

(8) Note Receivable

On July 30, 2012, a Convertible Senior Promissory Note was executed by and between Shoreline Memory, Inc. ("Shoreline") and the Company whereby the Company will lend up to $1.5 million to Shoreline in exchange for interest payments at prime plus 3.0% and the right to convert the amount outstanding into common stock of Shoreline on or before its maturity date. Each time the Company advances money under the note, the Company is granted 1% of the common stock for every $100,000 advanced up to a maximum of 15%. This is in addition to the 15% allowable under the conversion of the note and the warrant to acquire 30% of Shoreline common stock. The conversion is at the rate of 1% of the outstanding common stock for each $100,000 converted up to a maximum of 15%. This note matures in three years and at that time Shoreline must repay the note or the Company must convert the note into common stock. The note is secured by all the assets of Shoreline and Shoreline Capital Management Ltd. ("Shoreline Capital") as guarantor. Also executed with the note was a warrant to purchase 30% of the outstanding common stock of Shoreline at the time of exercise and the warrant expires sixty days after the third anniversary. The warrant prescribes a formula to determine the price per share at the time of exercise. If all the amounts under the note are advanced and converted and the full warrant is exercised, the Company will own 60% of the outstanding common stock of Shoreline. The note was executed simultaneously with a Master Services Agreement, which details the parameters under which the Company and Shoreline will fulfill orders from Shoreline's primary customer. On July 31, 2012, the Company advanced $375,000 under the note and an additional $375,000 on August 1, 2012. The purpose of the loan was to fund startup expenses and to prepay initial orders. The additional money which may be borrowed is to continue to fund purchases for orders received. Simultaneously with the issuance of the Note, the Company acquired for $176, 15% of the equity ownership of Shoreline. The Company has placed no value on its investment in Shoreline, as it is a startup operation, with no equity as of January 31, 2013. The Company has received $250,000 since January 31, 2013 as a partial repayment of the note. (See Note 15 "Subsequent Events")

(9) Intangible Assets and Goodwill

Intangible assets with determinable lives, other than customer relationships and research and development are amortized on a straight-line basis over their estimated period of benefit, ranging from four to five years. Research and development and customer relationships are amortized over a two-year period at a rate of 65% of the gross value acquired in the first year subsequent to their acquisition and 35% of the gross value acquired in the second year. We evaluate the recoverability of intangible assets periodically and take into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists. All of our intangible assets with definitive lives are subject to amortization. No impairments of intangible assets have been identified during any of the periods presented. Goodwill is tested for impairment on an annual basis and between annual tests if indicators of potential impairment exist, using a fair-value-based approach. The date of our annual impairment test is March 1.

The Company estimates that it has no significant residual value related to its intangible assets. Intangible assets amortization expense for the three and nine months ended January 31, 2013 and 2012 totaled approximately $41,000 and $123,000 in each period, respectively. Intangible asset amortization is included in selling, general and administrative expense. The components of finite-lived intangible assets acquired are as follows:

	Weighted Average Life	**January 31, 2013**	**April 30, 2012**
Trade names	5 Years	$ 733,000	$ 733,000
Customer relationships	2 Years	758,000	758,000
Non-compete agreement	4 Years	68,000	68,000
Total gross carrying amount		1,559,000	1,559,000
Less accumulated amortization expense		1,385,134	1,262,434
Net intangible assets		$ 173,866	$ 296,566

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

Year ending April 30:	
2013	$ 162,566
2014	134,000
	$ 296,566

(10) Financing Agreements

On July 27, 2010, the Company entered into an agreement with a financial institution for formula-based secured debt financing of up to $5,000,000. 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 $3,500,000 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 receivables. The total credit line remains at $3,500,000 and the tangible net worth covenant is $2,000,000, 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. On December 18, 2012 the Company executed Amendment No. 2 to the Amended and Restated Schedule to Loan and Security Agreement which reduced the Tangible Net Worth covenant to $1,300,000. However, at any time that the tangible net worth, as defined, falls below $2,000,000, the advances on inventory will be capped at $250,000 from $500,000. The amount of financing available to the Company under the agreement varies with the Company's eligible accounts receivable and inventory. At January 31, 2013, the Company had approximately $314,000 of additional financing available to it under the terms of the agreement.

On December 14, 2011, the Company entered into a Note and Security Agreement with Mr. Sheerr. The agreement provides for secured financing of up to $2,000,000. The Company is obligated to pay monthly, interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance. Principal is payable in sixty equal monthly installments, beginning on July 15, 2012. The Company may prepay any or all sums due under this agreement at any time without penalty. On closing, the Company borrowed $1,500,000 under the agreement and repaid in full the $1,500,000 due under a previous Note. The Company has borrowed the full $2,000,000 available under this agreement. Principal payments due under this obligation are $33,333 per month beginning on July 15, 2012. For the fiscal year ending April 30, 2013, the principal amount due under this obligation is $333,333. In each of four fiscal periods from May 1, 2013 through April 30, 2017, the principal amounts due under this obligation are $400,000. In the fiscal period from May 1, 2017 through June 30, 2017, the principal amount due on this obligation is $66,667. Interest expense recorded for the Note in the three and nine months ended January 31, 2013 was $45,991 and $145,370, respectively. Interest payable to Mr. Sheerr on January 31, 2013 was $15,213.

(11) 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 295,833 shares of its common stock and warrants to purchase a total of 221,875 shares of its common stock to such investors for aggregate net proceeds, after deducting fees to the Placement Agent and other offering expenses payable by the Company, of approximately $2,998,000. The common stock and warrants were sold in fixed combinations, with each combination consisting of one share of common stock and 0.75 of one warrant, with each whole warrant exercisable for one share of common stock. The purchase price was $11.28 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 $13.56 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 $.006 per share in the event that the volume weighted average price of the Company's common stock for 20 consecutive trading days exceeds $27.12. On May 17, 2011, this transaction closed.

(12) Financial Information by Geographic Location

The Company currently operates in one business segment that develops, manufactures and markets a variety of memory systems for use with network servers and workstations which are manufactured by various companies. Revenues for the three and nine months ended January 31, 2013 and 2012 by geographic region are as follows:

	Three months ended January 31, 2013	Nine months ended January 31, 2013
United States	$ 4,572,914	$ 16,553,265
Europe	1,217,323	3,167,483
Other (principally Asia Pacific Region)	648,724	1,675,721
Consolidated	$ 6,438,961	$ 21,396,469

	Three months ended January 31, 2012	Nine months ended January 31, 2012
United States	$ 6,091,393	$ 23,357,207
Europe	1,463,481	3,886,481
Other (principally Asia Pacific Region)	865,261	1,852,261
Consolidated	$ 8,420,135	$ 29,095,949

(13) Recently Adopted Accounting Guidance

There are no new pronouncements which affect the Company.

(14) Concentration of Credit Risk

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

(15) Subsequent Events

On February 19, 2013 the Company received $50,000 from Shoreline Memory, Inc. and on February 22, 2013 the Company received an additional $200,000 from Shoreline Memory, Inc. as a partial repayment of their loan. The Company has reached an agreement in principle to terminate its relationship with Shoreline. At closing, the Company will receive an additional $225,000 as a partial repayment of the loan in connection with the termination of all agreements with Shoreline. The remaining $275,000 will be repaid in accordance with the proposed amended and restated promissory note that will be due on July 31, 2013. The proposed promissory note bears interest at the rate of 6% and is guaranteed by Shoreline Memory, Inc., Shoreline Capital Management Ltd and Trevor Folk. All agreements with Shoreline Memory, Inc. will be terminated with the exception of the proposed amended and restated promissory note. As a result of the termination with Shoreline, the Company will look to expand its relationship with Advanced Micro Devices, Inc.

On January 31, 2013, the Company filed a proxy statement with the Securities and Exchange Commission for the purpose of calling a special meeting of its stockholders. The Board of Directors is asking the stockholders to approve the Board's action in effecting a reverse split of its common stock at a ratio of no less than 1 for 3 and no greater than 1 for 6. The meeting was held at the Company's offices on March 13, 2013. The stockholders approved the action and immediately following the meeting, the Board of Directors voted to affect a reverse split of its common stock at the ratio of 1 for 6. The split shares were effective with the opening of trading on March 15, 2013. The common stock closed at $.30 on the previous day. In order to regain compliance, the Company's post-split common stock must trade above $1.00 for ten consecutive days. The Company is currently under a delisting notice and the Company has requested a hearing which is scheduled for March 28, 2013 which date would be the tenth trading day. Provided the common stock trades above $1.00 for the previous nine days, NASDAQ would be willing to postpone the hearing for the Company to regain compliance and, as such, the hearing would be canceled.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. The information provided in this interim report may include forward-looking statements relating to future events, such as the development of new products, pricing and availability of raw materials or the future financial performance of the Company. Actual results may differ from such projections and are subject to certain risks including, without limitation, risks arising from: changes in the price of memory chips, changes in the demand for memory systems for workstations and servers, increased competition in the memory systems industry, delays in developing and commercializing new products and other factors described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission which can be reviewed at http://www.sec.gov.

Executive Overview

Dataram Corporation 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.

The Company has entered into three agreements, one with Shoreline Memory Inc. ("Shoreline") and two with Advanced Micro Devices, Inc. ("AMD") for the purpose of expanding its customer base and product offerings. The Master Services Agreement with Shoreline provides for the Company to fulfill 50% of the orders Shoreline receives from its primary customer. In addition, Shoreline has the ability to borrow up to $1,500,000 from the Company pursuant to a Convertible Senior Promissory Note ("Note"). The Note bears interest at Prime plus 3.0% and is convertible by the Company into equity ownership of Shoreline (see Note 8). On February 19, 2013, the Company received $50,000 and on February 22, 2013 the Company received an additional $200,000 from Shoreline Memory, Inc. as a partial repayment of their loan. The Company has reached an agreement in principle to terminate its relationship with Shoreline. At closing, the Company will receive an additional $225,000 as a partial repayment of the loan in connection with the termination of all agreements with Shoreline. The remaining $275,000 will be repaid in accordance with the proposed amended and restated promissory note that will be due on July 31, 2013. The proposed promissory note bears interest at the rate of 6% and is guaranteed by Shoreline Memory, Inc., Shoreline Capital Management Ltd and Trevor Folk. All agreements with Shoreline Memory, Inc. will be terminated with the exception of the proposed amended and restated promissory note. As a result of the termination with Shoreline, the Company will look to expand its relationship with Advanced Micro Devices, Inc. One agreement with AMD provides for the Company to sell AMD licensed and branded versions of its RAMDisk software and the other is for the Company to develop and sell AMD server memory. Both of the AMD agreements result in an expansion of products the Company already has in the marketplace with the exception of server memory specifically for AMD servers. These opportunities not only provide for additional products to be sold into the marketplace but it also allows the Company to be included in AMD's marketing initiatives. In addition to the above, the Company has entered into a global services agreement with Maintech which provides for them to service the Company's customers on an as needed basis. The agreement also calls for the cross selling of each other's services and products. Management is unable to determine the amount of revenue to be generated in fiscal 2013 from these agreements. However, these agreements, as well as other similar agreements, should provide new revenue sources and expanded markets for the Company's products.

RAMDisk was acquired by Dataram in 2008. For the most part, the software was downloadable as freeware for personal use. Since the Company was able to track the number of downloads, it realized the popularity of the software and created a larger capacity version and commercial version for purchase. In fiscal 2012, approximately 2,580 were purchased for total revenue of $41,000. For the third quarter of fiscal 2013, ended January 31, 2013, approximately 1,712 were purchased for total revenue of approximately $35,000. For the quarter ended October 31, 2012 approximately 1,298 were purchased for total revenue of approximately $28,000 and for the quarter ended July 31, 2012, approximately 860 were purchased for total revenues of approximately $22,000. The Company believes that the AMD branding of the product will increase its visibility and potential for increased revenue despite the free versions which will remain available.

Liquidity and Capital Resources

As of January 31, 2013, cash and cash equivalents amounted to approximately $759,000 and working capital amounted to approximately $2,950,000, reflecting a current ratio of 1.9. This compares to cash and cash equivalents of approximately $3,275,000 and working capital of approximately $6,690,000, reflecting a current ratio of 4.0 as of April 30, 2012.

During the nine month period ended January 31, 2013, net cash used in operating activities totaled approximately $2,667,000. Net loss in the period totaled approximately $3,005,000 and included stock-based compensation expense of approximately $205,000 and depreciation and amortization expense of approximately $328,000. Trade receivables decrease by approximately $239,000. Accounts payable decreased by approximately $387,000. Accrued liabilities decreased by approximately $123,000.

Net cash used in investing activities totaled approximately $824,000 for the nine month period ended January 31, 2013 and was primarily the result of the issuance of a note receivable to Shoreline described in Note 8 to the consolidated financial statements.

Net cash provided by financing activities totaled approximately $976,000 for the nine month period ended January 31, 2013 and consisted primarily of proceeds from borrowings under a revolving credit facility of approximately $1,251,000, more fully described in Note 10 to the consolidated financial statements. The Company also purchased approximately $142,000 of treasury stock and made principal payments of approximately, $133,000 to Mr. Sheerr under the Note and Security agreement, more fully described in Note 4 to the Consolidated Financial Statements.

On July 27, 2010, the Company entered into an agreement with a financial institution for formula-based secured debt financing of up to $5,000,000. 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 $3,500,000 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 receivables. The total credit line remains at $3,500,000 and the tangible net worth covenant is $2,000,000, 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. On December 18, 2012, the Company executed Amendment No. 2 to the Amended and Restated Schedule to Loan and Security Agreement which reduced the Tangible Net Worth covenant to $1,300,000. However, at any time that the tangible net worth, as defined, falls below $2,000,000, the advances on inventory will be capped at $250,000 from $500,000. The amount of financing available to the Company under the agreement varies with the Company's eligible accounts receivable and inventory. At January 31, 2013, the Company had approximately $314,000 of additional financing available to it under the terms of the 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 295,833 shares of its common stock and warrants to purchase a total of 221,875 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 offering expenses payable by the Company, was approximately $2,998,000. The transaction closed on May 17, 2011.

On December 14, 2011, the Company entered into a Note and Security Agreement with Mr. Sheerr. The agreement provides for secured financing of up to $2,000,000. The Company is obligated to pay monthly, interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance. Principal is payable in sixty equal monthly installments, beginning on July 15, 2012. The Company may prepay any or all sums due under this agreement at any time without penalty. On closing, the Company borrowed $1,500,000 under the agreement and repaid in full the $1,500,000 due under a previous agreement. The Company has borrowed the full $2,000,000 available under this agreement. Principal amounts due under this obligation are $33,333 per month which began on July 15, 2012. For the fiscal year ending April 30, 2013, the principal amount due under this obligation is $333,333. In each of four fiscal periods from May 1, 2013 through April 30, 2017, the principal amounts due under this obligation are $400,000. In the fiscal period from May 1, 2017 through June 30, 2017, the principal amount due on this obligation is $66,667. Interest expense recorded for the Note in the three and nine months ended January 31, 2013 was $45,991 and $145,370, respectively. Interest payable to Mr. Sheerr on January 31, 2013 was $15,213.

On July 30, 2012, a Convertible Senior Promissory Note was executed by and between Shoreline and the Company whereby the Company will lend up to $1,500,000 to Shoreline in exchange for interest payments at prime plus 3.0% and the right to convert the amount outstanding into common stock of Shoreline on or before its maturity date. Each time the Company advances money under the note, the Company is granted 1% of the common stock for every $100,000 advanced up to a maximum of 15%. This is in addition to the 15% allowable under the conversion of the note and the warrant to acquire 30% of Shoreline common stock. The conversion is at the rate of 1% of the outstanding common stock for each $100,000 converted up to a maximum of 15%. This note matures in three years and at that time Shoreline must repay the note or the Company must convert the note into common stock. The note is secured by all the assets of Shoreline and Shoreline Capital Management Ltd. (“Shoreline Capital”) as guarantor. Also executed with the note was a warrant to purchase 30% of the outstanding common stock of Shoreline at the time of exercise and the warrant expires sixty days after the third anniversary. The warrant prescribes a formula to determine the price per share at the time of exercise. If all the amounts under the note are advanced and converted and the full warrant is exercised, the Company will own 60% of the outstanding common stock of Shoreline. The note was executed simultaneously with a Master Services Agreement which details the parameters under which the Company and Shoreline will fulfill orders from Shoreline’s primary customer. On July 31, 2012, the Company advanced $375,000 under the note and an additional $375,000 on August 1, 2012. The purpose of the loan was to fund startup expenses and to prepay initial orders. The additional monies which may be borrowed are to continue to fund purchases for orders received. The note receivable is guaranteed by Shoreline Capital, which has the same ownership as Shoreline. The Company monitors the financial condition of Shoreline Capital on a quarterly basis and evaluates the collectability of the note receivable should the guarantee be needed to repay the loan.

Future minimum lease payments under non-cancellable 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	—
Total minimum lease payments	$ 1,573,000

The Company has no other material commitments.

Results of Operations

Revenues for the three month period ended January 31, 2013 were $6,439,000 compared to revenues of $8,420,000 for the comparable prior year period. Revenues for the first nine months of the current fiscal year were $21,396,000 compared to revenues of $29,096,000 for the comparable prior year period. The decrease in revenues from the prior year's was primarily a result of a decrease in average selling prices attributable to a decline in the price of DRAM chips, the primary raw material used in the Company's products. The average purchase price of DRAM chips that the Company uses in its products declined by approximately 39% year over year.

Revenues for the three and nine months ended January 31, 2013 and 2012 by geographic region are as follows:

	Three months ended January 31, 2013	Nine months ended January 31, 2013
United States	$ 4,572,914	$ 16,553,265
Europe	1,217,323	3,167,483
Other (principally Asia Pacific Region)	648,724	1,675,721
Consolidated	$ 6,438,961	$ 21,396,469

	Three months ended January 31, 2012	Nine months ended January 31, 2012
United States	$ 6,091,393	$ 23,357,207
Europe	1,463,481	3,886,481
Other (principally Asia Pacific Region)	865,261	1,852,261
Consolidated	$ 8,420,135	$ 29,095,949

Cost of sales for the three and nine months ended January 31, 2013 were $4,929,000 and $17,005,000, respectively versus $6,750,000 and $22,010,000, respectively in the prior year comparable periods. Cost of sales as a percentage of revenues for the third quarter and first nine months of fiscal 2013 were 77% and 79% of revenues, respectively versus 80% and 76% for the same respective prior year periods. Fluctuations in cost of sales as a percentage of revenues are not unusual and can result from many factors, some of which are a rapid change in the price of DRAMs, or a change in product mix possibly resulting from a large order or series of orders for a particular product or a change in customer mix.

Engineering expense in the three and nine months ended January 31, 2013 were approximately $152,000 and $548,000, respectively, compared to $181,000 and $561,000 for the same respective prior year periods.

Research and development expense in fiscal 2013's and 2012's third quarter and nine months were nil. In fiscal 2012's first quarter and six month period ended October 31, 2011 the Company capitalized $274,000 and $907,000, respectively, of research and development costs related to the XcelaSAN product. During the third quarter of fiscal 2012, the XcelaSAN product was available for general release and generated approximately $8,000 of revenue, which was significantly lower than expected. The Company capitalized approximately $1,480,000 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 $2,387,000 of capitalized software development cost was written off.

Selling, general and administrative (S,G&A) expense for the three and nine month period ended January 31, 2013 totaled $2,070,000 and $6,613,000, respectively, compared to $3,149,000 and $9,978,000 for the same prior year periods. The decrease in this year's third quarter and nine month expense of approximately $1,079,000 and $3,365,000, respectively, was primarily the result of decreased sales and marketing expense related to the Company's XcelaSAN product. The decrease in XcelaSAN S,G&A expense totaling approximately $279,000 in the third quarter and approximately $1,643,000 for nine months as compared to the prior fiscal year periods. The balance of the decrease in the current fiscal year's third quarter and nine months is the result of decreased selling and marketing expenses related to the Company's traditional memory business for employee related cost, from reduced head count.

Other income (expense), net for the three and nine month period ended January 31, 2013 totaled $70,000 and $235,000 of expense, respectively, compared to expense of $131,000 and $370,000 for the same prior year periods. Other expense in the three month period ended January 31, 2013 consisted primarily of interest expense of $82,000 offset by interest income of approximately $8,000. Approximately $4,000 of foreign currency transaction gains were recorded, primarily as a result of the EURO strengthening relative to the US dollar. For the nine month period ended January 31, 2013, other expenses, net of $235,000, consisted of $233,000 interest expense offset by approximately $17,000 of interest income. Additionally, approximately $19,000 of foreign currency transaction losses, primarily as a result of the EURO weakening relative to the US dollar were recorded. Other expense for the three month period ended January 31, 2012 consisted primarily of interest expense of $100,000 and $30,000 of foreign currency transaction losses, primarily as a result of the EURO weakening relative to the US dollar. For the nine month period ended January 31, 2012 other expenses, net of $370,000 consisted primarily of $298,000 of interest expense and $72,000 of foreign currency transaction losses, primarily as a result of the EURO weakening relative to the US dollar.

Critical Accounting Policies

During December 2001, the Securities and Exchange Commission ("SEC") published a Commission Statement in the form of Financial Reporting Release No. 60 which encouraged that all registrants discuss their most "critical accounting policies" in management's discussion and analysis of financial condition and results of operations. The SEC has defined critical accounting policies as those that are both important to the portrayal of a company's financial condition and results, and that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. While the Company's significant accounting policies are summarized in Note 1 to the consolidated financial statements included in the Company's Form 10-K for the fiscal year ended April 30, 2012, the Company believes the following accounting policies to be critical:

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

Research and Development - 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.

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 in 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.

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, the collectability of the note receivable and other operating allowances and accruals. Actual results could differ from those estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not invest in market risk sensitive instruments. At times, the Company's cash equivalents consist of overnight deposits with banks and money market accounts. The Company's objective in connection with its investment strategy is to maintain the security of its cash reserves without taking market risk with principal.

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

ITEM 4. CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended January 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

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

Item 1A. RISK FACTORS.

No reportable event.

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

No reportable event.

Item 3. DEFAULTS UPON SENIOR SECURITIES.

No reportable event.

Item 4. MINE SAFETY DISCLOSURES

No reportable event.

Item 5. OTHER INFORMATION.

Item 5.07 Submission of Matters to a Vote of Security Holders

The Company held a Special Meeting of Shareholders on March 13, 2013. Set forth below are the final results for the proposal submitted to shareholder vote.

Proposal No. 1 – Votes cast to authorize the Board of Directors to use its discretionary authority to affect a reverse stock split, of not less than 1-for-3 and not more than 1-for-6 to the common stock, $1.00 par value, of the Corporation, was approved as follows:

For	Against	Abstain
7,277,866	1,324,620	41,786

Item 6. EXHIBITS.

Exhibit No	Description
31(a)*	Rule 13a-14(a) Certification of John H. Freeman.
31(b)*	Rule 13a-14(a) Certification of Marc P. Palker.
32(a)**	Section 1350 Certification of John H. Freeman (furnished not filed).
32(b)**	Section 1350 Certification of Marc P. Palker (furnished not filed).
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* File herewith
** Furnished herewith

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATARAM CORPORATION

Date: March 22, 2013

By: /s/ MARC P. PALKER
Marc P. Palker
Chief Financial Officer

Exhibit 31(a)

Rule 13a-14(a) Certification

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302

I, John H. Freeman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dataram Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2013

/s/ John H. Freeman

John H. Freeman, President and
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31(b)

Rule 13a-14(a) Certification

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302

I, Marc P. Palker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dataram Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2013

/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 Quarterly Report of Dataram Corporation, a New Jersey corporation (the “Company”), on Form 10-Q for the quarter ended January 31, 2013, as filed with the Securities and Exchange Commission (the “Report”), John H. Freeman, Chief Executive Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

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

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

Date: March 22, 2013

/s/ John H. Freeman
John H. Freeman
President and Chief Executive Officer

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

Exhibit 32(b)

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

In connection with the Quarterly Report of Dataram Corporation, a New Jersey corporation (the "Company"), on Form 10-Q for the quarter ended January 31, 2013, as filed with the Securities and Exchange Commission (the "Report"), Marc P. Palker, Chief Financial Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

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

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

Date: March 22, 2013

/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.]