

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the
Securities Exchange
Act of 1934.

For the quarterly period ended 10/31/95 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 (I.R.S. Employer Identification No.)
incorporation or organization)

P.O. Box 7528, Princeton, NJ 08543
(Address of principal executive offices) (Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed
all reports required to be filed by Section 13 or 15(d) of the Securities
Exchange Act of 1934 during the preceding 12 months (or for such shorter period
that the registrant was required to file such reports), and (2) has been subject
to such filing requirements for the past 90 days.

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the
issuer's classes of common stock, as of the last practicable date.
Common Stock (\$1.00 par value):
As of December 8, 1995, there were 3,824,305 shares outstanding.

PART 1: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dataram Corporation and Subsidiary
Consolidated Balance Sheets
October 31, 1995 and April 30, 1995

	Unaudited	Audited
Assets	October 31, 1995	April 30, 1995

Current Assets:	\$ 459,856	\$ 721,811
Cash and cash equivalents		
Trade receivables, less allowance for doubtful accounts and sales returns of \$585,000 at		

October 31, 1995 and \$495,000 at		
April 30, 1995	19,394,821	14,921,024
Inventories	12,927,209	8,060,807
Other current assets	591,861	1,129,630
Total current assets	33,373,747	24,833,272

Property and equipment, at cost:

Land	875,000	875,000
Machinery and equipment	6,106,751	5,952,504
	6,981,751	6,827,504

Less: accumulated depreciation

and amortization	4,530,799	4,197,158
Net property and equipment	2,450,952	2,630,346
Other assets	5,730	15,076
	\$ 35,830,429	\$27,478,694

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	\$14,175,184	\$ 8,778,049
Accrued liabilities	1,126,820	2,069,348
Total current liabilities	15,302,004	10,847,397

Deferred income taxes	753,822	239,822
Long-term debt	1,900,000	0

Stockholders' Equity

Common stock, par value \$1.00 per share.

Authorized 18,000,000 shares; issued		
3,824,305 at October 31, 1995		
and 3,792,305 at April 30, 1995	3,824,305	3,792,305
Additional paid-in capital	3,425,142	3,219,142
Retained earnings	10,625,156	9,380,028
Total stockholders' equity	17,874,603	16,391,475

\$35,830,429 \$27,478,694

See accompanying notes to consolidated financial statements.

<TABLE>

Dataram Corporation and Subsidiary
Consolidated Statements of Earnings
Three and Six Months Ended October 31, 1995 and 1994
(Unaudited)

	1995		1994	
	2nd Quarter	Six Months	2nd Quarter	Six Months
<S>	<C>	<C>	<C>	<C>
Revenues	\$ 32,331,119	\$57,215,866	\$ 27,361,305	\$49,524,262
Costs and expenses:				
Cost of sales	28,925,556	50,779,451	22,788,189	41,275,020
Engineering and development		453,351	888,314	676,903
Selling, general and administrative	1,743,759	3,434,804	2,958,212	5,555,409
	31,122,666	55,102,569	26,423,304	48,136,202
Earnings from operations	1,208,453	2,113,297	938,001	1,388,060
Other income (expense):				
Other income (expense), net		0	0	25,000
Interest expense	(38,638)	(57,169)	(93,422)	(129,562)
	(38,638)	(57,169)	(68,422)	(71,360)
Net earnings before income taxes		1,169,815	2,056,128	869,579
				1,316,700
Income tax provision	462,000	811,000	344,000	523,000
Net earnings	\$ 707,815	\$ 1,245,128	\$ 525,579	\$ 793,700
Net earnings per common and common equivalent share:				
Primary	\$.18	\$.33	\$.14	\$.21
Fully Diluted	\$.18	\$.32	\$.14	\$.21

Weighted averaged number of common and common equivalent shares outstanding:

Primary	3,883,626	3,829,633	3,821,109	3,822,162
Fully Diluted	3,900,168	3,876,660	3,821,109	3,822,162

</TABLE>

See accompanying notes to consolidated financial statements

Dataram Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Six Months Ended October 31, 1995 and 1994
(Unaudited)

	1995	1994
Sources of working capital:		
Net earnings	\$ 1,245,128	\$ 793,700
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	333,641	421,999
Bad debt expense	143,771	106,286
Changes in assets and liabilities:		
Increase in trade receivables	(4,617,568)	(3,454,201)
Increase in inventories	(4,866,402)	(1,004,557)
Decrease in other current assets	537,769	616,657
Decrease in other assets	9,346	2,934
Increase (decrease) in accounts payable	5,397,135	(3,268,288)
Decrease in accrued liabilities	(942,528)	(271,565)
Increase in deferred income taxes	514,000	0
Total adjustments	(3,490,836)	(6,850,735)
Net cash used in operating activities	(2,245,708)	(6,057,035)
Cash flows from investing activities:		
Purchase of fixed assets	(154,247)	(224,656)
Net cash used in investing activities	(154,247)	(224,656)
Cash flows from financing activities:		
Proceeds from sale of common shares under stock option plan	238,000	2,438
Increase in long-term debt	1,900,000	5,900,000
Net cash provided by financing activities	2,138,000	5,902,438
Net increase in cash and cash equivalents	(261,955)	(379,253)
Cash and cash equivalents at beginning of year	721,811	437,779
Cash and cash equivalents at end of period	\$ 459,856	\$ 58,526
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 57,169	\$ 129,562
Income taxes	\$ 402,000	\$ 0

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiary

Notes to Consolidated Financial Statements
October 31, 1995 and April 30, 1995

(1) Cash and cash equivalents consist of unrestricted cash, bankers acceptances, commercial paper and other short term investments. All investments are convertible to cash within a period of approximately thirty days or less.

(2) Inventories consist of the following categories:

10/31/95 4/30/95

Raw Materials	\$ 8,150,000	\$ 4,726,000
Work In Process	579,000	648,000
Finished Goods	4,198,000	2,687,000
	\$12,927,000	\$ 8,061,000

(3) The Company has an agreement with a bank which provides for a total unsecured line of credit of \$11,000,000 with interest at no higher than one-half percent below the bank's base commercial lending rate. Borrowings under the line of credit are at the convenience of Company management and may be repaid at any time. The line of credit agreement expires in October, 1997, unless otherwise amended or extended.

(4) In 1982, the Company adopted an incentive stock option plan. As of October 31, 1995, no further options may be granted under the plan and options to purchase 6,000 shares were outstanding and exercisable at an exercise price of \$3.57 per share.

In September 1992, an incentive and nonstatutory stock option plan was adopted by the shareholders which provides for the granting of up to 950,000 shares of common stock to key employees. As of October 31, 1995, options to purchase 322,000 shares at prices ranging from \$5.125 to \$7.125 per share were outstanding. As of October 31, 1995 options to purchase 32,000 shares had been exercised and options to purchase 139,500 shares were exercisable.

In November 1992 and March 1993, the Company granted to three non-employee directors of the Company and the Company's outside general counsel five year options to acquire a total of 120,000 shares of the Company's common stock at an exercise price of \$11.25 per share. As of October 31, 1995, none of these options had been exercised and options to purchase 60,000 shares were exercisable.

(5) Certain amounts in the fiscal year 1995 consolidated financial statements have been reclassified to conform to the fiscal year 1996 presentation.

(6) Information furnished reflects all adjustments which are, in the opinion of management, necessary to a fair presentation of the results of this interim statement.

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

Liquidity and Capital Resources

As of October 31, 1995, working capital amounted to \$18.1 million reflecting a current ratio of 2.2 compared to working capital of \$14.0 million and a current ratio of 2.3 as of April 30, 1995.

The Company's financial condition remains strong. The Company has a \$11.0 million unsecured line of credit with a bank which expires in October 1997. The line of credit was used during the quarter to deal with peak cash demands. At the end of the quarter \$1.9 million was outstanding under the line of credit. The funds were primarily used to support growth in accounts receivable associated with increased revenue levels. With its current working capital balance and the line of credit, management believes that it will be able to support its revenue growth and other capital needs for the foreseeable future.

Results of Operations

Revenues for the three month period ending October 31, 1995 were \$32,331,000 compared to revenues of \$27,361,000 for the comparable prior year period, an increase of 18%. Six month revenues of \$57,216,000 reflected an increase of 16% over the prior fiscal year's six month revenues of \$49,524,000. Revenues from overseas markets for the second quarter and six months of fiscal 1996 amounted to 28% and 27%, respectively of total revenues.

Cost of sales for the second quarter and six months were 89% of revenues versus 83% for the same prior year periods. Computer memory products have become commodity items and as such command low operating margins. The

Company has successfully transformed its organizational structure to compete in a computer memory market characterized by high volume, pricing pressures and low operating margins. Toward the end of this year's second quarter, there were indications that the market for Dynamic Rams (DRAMS), the primary raw material in computer memory boards, had changed. Spot prices for four megabit DRAMS had softened. However, the vast majority of the Company's products are used in workstations and high end personal computers and servers. As a consequence these products primarily use 16 megabit DRAMS. Contract and spot market prices for these DRAMS remained firm throughout the quarter. While management believes that it is possible that prices for 16 megabit DRAMS could decline towards the end of the the third quarter of fiscal 1996, it is unclear at this time what the magnitude of that change, if any, will be.

Engineering and development costs in fiscal 1996's second quarter and six months were \$453,000 and \$888,000 versus \$677,000 \$1,305,000 for the same prior year periods. Today's workstation, server and personal computer memories have simple design characteristics. The Company intends to maintain its commitment to timely introduction of new memory products as new workstations and computers are introduced.

Selling, general and administrative costs in this year's second quarter and six months declined to 6% of revenues from 11% for the same prior year periods. Three and six month total expenditures decreased by \$1,214,000 and \$2,121,000, respectively from the prior year. This decrease is primarily the result of the restructuring of the Company's operations related to a discontinued product line which occurred at the end of the fourth quarter of last fiscal year. As a result of the restructuring, the Company's engineering and development expenses and selling, general and administrative expenses have been significantly reduced as a percentage of revenue. Management expects that ongoing cost control measures will further reduce these expenditures as a percentage of revenue on comparable revenues.

Other income (expense),net for the second quarter and six months of fiscal 1996 consisted primarily of interest expense associated with the Company's revolving credit line. Prior year other income (expense) consisted of interest expense offset by income from salvage of certain obsolete equipment and inventory items.

PART II: OTHER INFORMATION

ITEM 5. OTHER INFORMATION

A. Backlog

The Company's backlog released for shipment as of October 31, 1995, was \$1.3 million compared to a backlog of \$3.4 million on October 31,1994. The Company normally fills most of its orders within one day or less after receipt and its backlog at any point in time is not necessarily indicative of future financial performance.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

27 (a). Financial Data Schedule

28 (a). Press Release reporting results of Second Quarter,
Fiscal Year 1996 (Attached).

B. Reports on Form 8-K

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

Signatures

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

DATARAM CORPORATION

BERNARD L. RILEY

Date: December 8, 1995 By:
Bernard L. Riley
Vice President, Finance
(Principal Financial Officer)

MARK E. MADDOCKS

Date: December 8, 1995 By:
Mark E. Maddocks
Controller
(Principal Accounting Officer)

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FOR IMMEDIATE RELEASE CONTACT: Bernard L. Riley
Vice-President, Finance
Telephone: (609) 799-0071

DATARAM REPORTS IMPROVED
SECOND QUARTER RESULTS

PRINCETON, NJ, November 9, 1995--Dataram Corporation (AMEX:DTM) achieved higher revenues and profits for the second quarter and six months of fiscal 1996, Robert V. Tarantino, president and chief executive officer, announced today.

For the second quarter ended October 31, 1995, revenues rose 18 percent to \$32.3 million versus \$27.4 million reported for the comparable prior-year period. Net earnings increased 35 percent to \$708,000, or \$.18 per share, compared to \$526,000, or \$.14 per share, for the year-earlier period.

Revenues for the six months ended October 31, 1995 improved 16 percent to \$57.2 million compared to \$49.5 million for the prior six-month period. Net earnings climbed 57 per cent to \$1,245,000, or \$.32 per share, versus \$794,000, or \$.21 per share, for the comparable period.

"The computer memory industry is sustaining its strong growth, largely due to an outpouring of memory-intensive software applications which additional memory," Tarantino stated.

"We are participating profitably in this growth by sustaining strong demand for our memory products while reducing operating expenses. The increased volume we experienced during the second quarter occurred in both domestic and foreign markets."

Tarantino said Dataram complemented its solid presence in the workstation and server markets during the first quarter by introducing memory products designed for IBM, Hewlett-Packard and Compaq high-end personal computers. The Company further penetrated this expanding market in the second quarter, launching memory products tailored to Apple high-end personal computers.

"Our highly automated production facility continues to enhance Dataram's ability to improve customer service by consistently producing and shipping customer orders within 24 hours or less," Tarantino declared. "We have been obtaining a sufficient amount of DRAM chips at acceptable prices to meet high demand and maintain operating margins.

"We have the appropriate infrastructure which combined with our extensive experience in the computer memory industry and our financial resources, will enable us to sustain our progress."

Dataram develops, manufactures and markets quality computer memory products for workstations, servers and personal computers.

Dataram Corporation and Subsidiary
Consolidated Summary Information
(In thousands except per share amounts)

Quarter Ended October 31, Six Months Ended October 31,
1995 1994 1995 1994

Revenues	\$ 32,331	\$ 27,361	\$ 57,216	\$49,524
Net Earnings	708	526	1,245	794
Net Earnings per share	0.18	0.14	0.32	0.21
Average Shares Outstanding	3,900	3,821	3,887	3,822

#