

and \$800,000 at April 30, 1997	8,780,623	8,473,228
Inventories	2,991,135	4,395,813
Other current assets	680,510	572,376
Total current assets	<u>19,160,118</u>	<u>20,277,088</u>
Property and equipment, at cost:		
Land	875,000	875,000
Machinery and equipment	7,444,123	6,840,378
	<u>8,319,123</u>	<u>7,715,378</u>
Less: accumulated depreciation and amortization	5,586,732	5,461,632
Net property and equipment	<u>2,732,391</u>	<u>2,253,746</u>
Other assets	7,280	5,730
	<u>21,899,789</u>	<u>22,536,564</u>

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	\$ 3,231,513	\$ 4,144,946
Accrued liabilities	612,324	1,093,380
Income taxes payable	391,000	0
Total current liabilities	<u>4,234,837</u>	<u>5,238,326</u>
Deferred income taxes	1,013,000	1,013,000
Stockholders' Equity:		
Common stock, par value \$1.00 per share.		
Authorized 18,000,000 shares; issued		
3,050,405 at July 31, 1997		
and 3,077,449 at April 30, 1997	3,050,405	3,077,449
Additional paid-in capital	2,430,284	2,452,677
Retained earnings	11,171,263	10,755,112
Total stockholders' equity	<u>16,651,952</u>	<u>16,285,238</u>
	<u>\$ 21,899,789</u>	<u>\$ 22,536,564</u>

See accompanying notes to consolidated financial statements.

TABLE/

</TABLE>

<TABLE>

Dataram Corporation and Subsidiary
Consolidated Statements of Earnings
Three Months Ended July 31, 1997 and 1996
(Unaudited)

	1997	1996
<S>	<C>	<C>
Revenues	\$18,147,292	\$17,448,290
Costs and expenses:		
Cost of sales	14,634,977	13,887,973
Engineering and development	223,578	229,682
Selling, general and administrative	2,280,159	1,833,752
	<u>17,138,714</u>	<u>15,951,407</u>
Earnings from operations	1,008,578	1,496,883
Other income (expense), net		
Other income	2,000	0
Interest income	64,694	68,568

Interest expense	0	0
	<u>66,694</u>	<u>68,568</u>
Earnings before income taxes	1,075,272	1,565,451
Income tax expense	406,000	601,000
	<u> </u>	<u> </u>
Net earnings	<u>\$ 669,272</u>	<u>\$ 964,451</u>
	<u> </u>	<u> </u>
Net earnings per share of common stock	\$.21	\$.26
	<u> </u>	<u> </u>
Weighted average number of common shares outstanding	<u>3,213,864</u>	<u>3,721,093</u>

See accompanying notes to consolidated financial statements.

</TABLE>
<TABLE>

Dataram Corporation and Subsidiary
Consolidated Statements of Cash Flows
Three Months Ended July 31, 1997 and 1996
(Unaudited)

	1997	1996
<S>	<C>	<C>
Cash flows from operating activities:		
Net earnings	\$ 669,272	\$ 964,451
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	125,100	174,900
Bad debt expense	87,649	220,795
Changes in assets and liabilities:		
(Increase)decrease in trade receivables	(395,044)	2,518,025
Decrease in inventories	1,404,678	712,558
(Increase)decrease in other current assets	(108,134)	489,786
Increase in other assets	(1,550)	0
Decrease in accounts payable	(913,433)	(2,409,897)
Decrease in accrued liabilities	(481,056)	(140,189)
Increase in income taxes payable	391,000	0
	<u> </u>	<u> </u>
Net cash provided by operating activities	778,482	2,530,429
	<u> </u>	<u> </u>
Cash flows from investing activities:		
Purchase of property and equipment	(603,745)	(61,360)
Disposal of fixed assets	0	0
	<u> </u>	<u> </u>
Net cash used in investing activities	(603,745)	(61,360)
	<u> </u>	<u> </u>
Cash flows from financing activities:		
Proceeds from sale of common shares under stock option plan	57,000	21,400
Purchase and cancellation of common stock	(359,558)	(2,071,485)
	<u> </u>	<u> </u>
Net cash used in financing activities	(302,558)	(2,050,085)
	<u> </u>	<u> </u>
Net increase (decrease) in cash		

and cash equivalents	(127,821)	418,984
Cash and cash equivalents at beginning of year	6,835,671	8,482,447
	<hr/>	<hr/>
Cash and cash equivalents at end of period	\$ 6,707,850	\$ 8,901,431
	<hr/> <hr/>	<hr/> <hr/>

Supplemental disclosures of cash flow information:

Cash paid during the period for:

Interest	\$ 37,453	\$ 0
Income taxes	\$ 43,058	\$ 0

<TABLE/>

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiary

Notes to Consolidated Financial Statements

July 31, 1997 and April 30, 1997

(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:

	7/31/97	4/30/97
Raw Materials	\$ 2,209,000	\$ 3,369,000
Work In Process	146,000	98,000
Finished Goods	636,000	929,000
	<hr/>	<hr/>
	\$ 2,991,000	\$ 4,396,000
	<hr/> <hr/>	<hr/> <hr/>

(3) The Company has an agreement with a bank which provides for a total unsecured line of credit of \$12,000,000 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, 1998, unless otherwise amended or extended.

(4) 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 July 31, 1997, options to purchase 510,000 shares at prices ranging from \$5.125 to \$10.375 per share were outstanding. During the quarter ended July 31, 1997 options to purchase 30,000 shares were granted at the fair market value on the grant date and options to purchase 8,000 shares were exercised. As of July 31, 1997, options to purchase 289,800 shares were exercisable.

In November 1992, March 1993 and September 1996, the Company granted to four non-employee directors of the Company and the Company's outside general counsel five year options to acquire a total of 150,000 shares of the Company's common stock at prices ranging from \$6.94 to \$11.25 per share. In the quarter ended July 31, 1997 30,000 of these outstanding options were cancelled in accordance with the terms of the plan. As of July 31, 1997, none of these options had been exercised and options to purchase 90,000 shares were exercisable.

The Company has adopted the disclosure-only provisions of SFAS No. 123, and applies APB Opinion 25 in accounting for its plans and, accordingly, cost for stock option plans and stock purchase plans in its financial statements. Had the Company determined compensation cost based on the fair value at the grant date consistent with the provisions of SFAS No. 123, the Company's net earnings would have been reduced to the pro forma amounts indicated below:

(In thousands, except per share amounts)

Quarter ended:	7/31/97	7/31/96
----------------	---------	---------

Net earnings as reported	\$ 669	\$ 964
Net earnings pro forma	628	939
Net earnings per share as reported	.21	.26
Net earnings per share pro forma	.20	.25

(6) In July of 1997, the Company announced an open market repurchase plan providing for the repurchase of up to 300,000 shares of the Company's common stock. As of July 31, 1997, no shares had been purchased under the plan.

(7) 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 July 31, 1997, working capital amounted to \$14.9 million reflecting a current ratio of 4.5 compared to working capital of \$15.0 million and a current ratio of 3.9 as of April 30, 1997.

The Company's financial condition remains strong. The Company has a \$12 million unsecured line of credit with a bank, of which \$6 million is scheduled to expire in October 1997 and \$6 million expires in October 1998. The Company intends to renew any expiring portion of the facility by the expiration date and maintain a \$12 million total facility. At the end of the quarter there was no amount outstanding under the line of credit. With its current working capital balance and the line of credit, management believes that it will be able to support its growth and other capital needs for the foreseeable future.

Results of Operations

Revenues for the three month period ending July 31, 1997 were \$18,147,000 compared to revenues of \$17,448,000 for the comparable prior year period. Increased unit volume and an expanded customer base have offset the decline in average selling prices for the Company's products associated with declining dynamic random access memory (DRAM) chip prices. Total megabytes shipped have increased by approximately 66% in the first quarter versus the same period last year.

Cost of sales for the first quarter were 81% of revenues versus 80% for the same prior year period. The increase in the cost of sales was mainly the result of reduced margins for 64 megabit DRAM based memory boards. Prices for 64 megabit DRAM based memory boards are now priced competitively with 16 megabit DRAM based products.

Engineering and development costs in fiscal 1997's first quarter were \$223,000 versus \$230,000 for the same prior year period. The Company continues to maintain its commitment to timely introduction of new memory products as new workstations and computers are introduced.

Selling, general and administrative costs in this year's first quarter were 12% of revenues versus 11% for the same prior year period. Three month total expenditures increased by \$446,000 from the prior year period. This increase is primarily the result of increased legal expense associated with a previously announced complaint filed by Sun Microsystems, Inc. The Company has also continued to expand its sales organization this quarter to accelerate our ability to service new and existing customers.

Other income (expense), net for the first quarter of fiscal 1998 and fiscal 1997, consists primarily of interest income on short term investments.

PART II: OTHER INFORMATION

ITEM 5. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

27 (a). Financial Data Schedule

28 (a). Press Release reporting results of First Quarter, Fiscal Year 1998 (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

Date: _____ By: _____
Mark E. Maddocks
Vice President, Finance
(Principal Financial Officer)

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FOR IMMEDIATE RELEASE CONTACT: Mark Maddocks
 Vice-President, Finance
 Telephone: (609) 799-0071

DATARAM REPORTS FIRST QUARTER
FISCAL 1998 OPERATING RESULTS

PRINCETON, NJ, August 8, 1997 Dataram Corporation (AMEX: DTM) reported higher revenues but reduced earnings for the first quarter of fiscal 1998, Robert V. Tarantino, president and chief executive officer, announced today.

For the quarter ended July 31, 1997, Dataram reported revenues of \$18.1 million compared to \$17.4 million for the year earlier period. Net earnings were \$669,000, or \$.21 per share, versus \$964,000, or \$.26 per share, for the comparable prior year period.

Tarantino said two factors were primarily responsible for the earnings shortfall: Reduced margins for 64 megabit DRAM (dynamic random access memory) based products as the industry prices these products to be more competitive with 16 megabit DRAM based products ; and increased legal expenses associated with a previously announced complaint filed by Sun Microsystems, Inc.

"We are on the leading edge of 64 megabit chip technology used in high capacity Unix and NT workstations and servers," Tarantino declared. "While this technology transition will ultimately result in improved financial performance, we are currently pricing our products at levels to ensure the Company's solid presence in this market."

Continued....

Dataram Earnings Release - Page 2

Concerning the Sun complaint, Tarantino stated: "The Company expenses its legal costs as incurred and these costs will, from time to time, be material until this matter is concluded. We have meritorious defenses and counterclaims and will vigorously defend against Sun's claims and pursue our counterclaims."

During the quarter, the Company continued to expand its sales force. "Strengthening our sales organization is beginning to pay dividends as our customer base and volumes grow," Tarantino said. "Dataram achieved a 66% increase in gigabytes of memory shipped for the first quarter of fiscal 1998 compared to the comparable year earlier period. We expect our volumes to continue to grow."

Looking ahead, Tarantino expressed optimism that the Company should achieve strong operating results in fiscal 1998. "We are favorably positioned in an industry experiencing sustained growth," he stated. "Dataram has sufficient cost effective manufacturing capacity, supported by solid financial resources and an enhanced organizational infrastructure, to capitalize on the numerous opportunities awaiting us throughout the remainder of fiscal 1998."

Dataram develops, manufactures and markets gigabyte memory boards for high performance workstations and servers.

Continued....

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

Quarter Ended
July 31,

	1997	1996
Revenues	\$18,147	\$17,448
Net Earnings	\$669	\$964
Net Earnings Per Share	\$.21	\$.26
Average Shares Outstanding	3,214	3,721