



Digital Video Systems, Inc.

DVS Announces Successful India Pilot Sales Program with BPL

PALO ALTO, Calif., - September 29, 2004. Digital Video Systems, Inc. (DVS/Nasdaq: DVID) announced today that DVS, Electronics (DVSE) its wholly owned Indian subsidiary, passed a sales trial with BPL Limited in the State of Kerala by quickly selling 2,000 DVD player units. The units were designed by DVSE specifically for the Indian consumer.

Under the test program, DVSE DVD players were bundled with BPL televisions sold in Kerala over a thirty-day period. The two companies launched their joint sales initiative with an advertising campaign in the local press, on billboards, and in over 200 consumer electronics retail outlets across Kerala State.

DVSE Vice President Mr Ben Merton commented, "We believe that the Kerala market is a reliable indicator of a brand's sales performance nationwide. The test gives us confidence in our overall sales strategy, and we have high hopes for India's festival period of Diwali in November. We believe we can continue to yield significant results with these DVD players through the end of the year."

BPL Limited is one of the country's largest nationwide consumer electronics companies. With over \$500m in revenues, BPL supplies both the domestic and export OEM and end-user markets. In 2001, it became the first company in India to sell over one million color televisions under its own brand (BPL) for three consecutive years.

About BPL Limited

BPL Limited was incorporated in 1963 as a private limited company under the name British Physical Laboratories India Private Limited for the manufacture of electronic test and measuring instruments in collaboration with BPL Instruments Ltd. UK. The company further expanded into such electronic products as medical systems and equipments, powerline carrier communication equipments, copiers, monitors etc. Making its foray into consumer electronics in 1982, BPL quickly established itself as one of India's most trusted consumer durable brands. Huge investment in manufacturing, marketing & distribution infrastructure, and brand building have made BPL a leader in the consumer durable industry. BPL today enjoys the highest brand awareness amongst consumer electronics brands and also has one of the highest preference shares in the CTV industry. BPL is currently engaged in the production and sales of televisions, home theatre systems, medical equipment, automotive parts, electronic components and alkaline batteries.

About DVSE

Headquartered in Bangalore, India, DVSE is a wholly owned subsidiary of U.S. based Digital Video Systems, Inc. For further information access www.dvs.co.in/

About DVS

Established in 1992, DVS is a publicly held company specializing in the development and application of digital video technologies enabling the convergence of data, digital audio, digital video and high-end graphics. DVS is headquartered in Palo Alto, California, with subsidiaries and

manufacturing facilities in South Korea, China and India. For further information access www.dvsystems.com

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Any statements made in this release that are not historical facts contain forward-looking information that involves risks and uncertainties. These forward-looking statements include, but are not limited to, statements regarding reliability of Kerala as a market indicator, the Company's competitive position, strategy and future prospects in India. Important factors that may cause actual results to differ include, but are not limited to, the timely availability of components, sufficiency of working capital, the impact of competitive products and services, the Company's ability to manage growth and acquisitions of technology or businesses, risks attendant to strategic agreements involving other companies, the effect of economic and business conditions, the risks of conducting business in foreign countries and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. Digital Video Systems, Inc. assumes no obligation to update these forward-looking statements, and does not intend to do so.

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