



Digital Video Systems, Inc.

Digital Video Systems Advanced Automotive DVD Products Showcased at CES 2005

DVS products impress attendees at trade show called 'the birthplace of new technology'

PALO ALTO, Calif., January 12, 2005 -- Digital Video Systems, Inc., or DVS, (Nasdaq: [DVID - News](#)), today announced that its latest innovations in DVD technology for automotive original equipment and accessories markets received a warm reception at the giant International Consumer Electronics Show 2005 (CES) in Las Vegas, January 6-9.

"This year's International CES Show proved to be a prime venue for us to demonstrate the superior features and performance of our automotive DVD products," commented DVS Chairman and CEO Thomas A. Spanier, "Mobile electronics is becoming a primary entertainment platform and enhancing the automotive experience for growing numbers of consumers worldwide, and the CES International attendees we spoke with were impressed by our engineering team's ability to quickly, efficiently integrate video, audio media and radio into a range of rugged, versatile and feature-rich products."

Some of the advanced features of the DVS line of automotive DVD units, depending on the model, include flexible mounting at any angle, superior shock resistance and patented error correction, multiple media capability (8 cm as well as the standard 12 cm discs), ability to read the full range of DVD, CD, and MP3 formats, slot-in loading, and support for several types of input/output connections.

VXM-3000

Among the exciting DVS products spotlighted at the Company's CES booth this year was the portable, versatile VXM-3000. Shipments of the VXM-3000 to a Tier One automotive accessories industry leader began in July 2004.

In vehicles, the VXM-3000 can be locked into a roof-mounted docking station for power and to connect to the vehicle's sound system. Families with more than one vehicle can install docking stations in each car and easily move the player from one vehicle to another. The VXM-3000 also runs on battery power, and can serve as the centerpiece of a multimedia home entertainment system.

Along with the VXM-3000, other DVS products spotlighted at CES included:

VXM 3200

This forward-looking model has DivX capabilities, plays DVD, CD and MP3 files and features a vibrant 7" TFT LCD display, one AV-in and two AV-out ports and an optional TV tuner. DivX is a popular format, based on the MPEG-4 compression standard for video. It allows the user to compress the contents of a VHS tape or a DVD onto a single CD, and is widely used for file sharing over the Internet.

VXM-2000 family of portable DVD players

The multi-use DVD model VXM-2200 features a super-slim silhouette due to its slot-in type loader, and can be installed in either vertical or horizontal mountings in a car interior or as a freestanding DVD player at home. This product family includes the VXM-2000, VXM-2100, VXM-2200 and VXM-2300 models, which offer customers a range of cost effective models

VXD 2000 series of in-dash automotive DVD/CD/MP3/AM/FM receivers

The VXD 2000 and VXD-2100 in-dash car DVD/CD/MP3/AM/FM receivers combine the features of a car DVD player and a full-function AM/FM radio with a 190W power built-in amplifier, offering customers rich 5.1 channel full audio sound.

VXA-1000 in-dash system (prototype)

The VXA-1000 in-dash system combines touch screen communications, internet, navigation, video and audio entertainment and vehicle system monitoring, offering customers the advanced features of next-generation, integrated technology.

“In the single year since the International CES 2004, DVS has made significant progress toward worldwide technology leadership in automotive technology,” stated DVS America’s Sales & Marketing Division President Shaun Kang. “Our advanced Servo, F/W and mechanical engineering technologies, ISO/TS 16949 quality assurance and prompt response to customer demands have provided us a strong foundation to build business with Tier 1 automotive industry accounts.”

About CEA and CES

The International CES is sponsored and managed by the Consumer Electronics Association (CEA), the preeminent trade association promoting growth in the consumer technology industry through technology policy, events, research, promotion and the fostering of business and strategic relationships. CEA represents more than 1,700 corporate members involved in the design, development, manufacturing, distribution and integration of audio, video, mobile electronics, wireless and landline communications, information technology, home networking, multimedia and accessory products, as well as related services that are sold through consumer channels. Combined, CEA's members account for more than \$100 billion in annual sales.

About Digital Video Systems, Inc.

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 and China and a subsidiary in India. Additional information may be obtained at 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 the strategic direction of DVS and DVS Korea, DVS's new products, sales and marketing initiatives, product quality and features, research and development efforts, expected margins, profitability and its market position. 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, the effect of economic and business conditions, 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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