



Digital Video Systems, Inc.

DVS Announces Korea Subsidiary Agreement with Blaupunkt

PALO ALTO, Calif., March 2, 2005 -- Digital Video Systems, Inc., or DVS, (Nasdaq: DVIDD - News), today announced that its Korea-based subsidiary, DVS Korea (DVSK), has been selected as a supplier to Bosch, a major automotive parts supplier, and Blaupunkt, its wholly owned subsidiary. DVSK has received an initial order for its model DSV 810 automotive DVD loaders to be used as a component in Blaupunkt's car DVD-Radios. Shipments are expected to begin at the end of March.

The Company's slim DSV-810 loader mechanism features optical pick-up drive technology for DVD and CD compatibility, can be mounted at any angle and reads a wide variety of DVD and CD formats.

DVS Chairman and CEO Tom Spanier commented, "We are proud to have been chosen by industry giant Blaupunkt for our product quality, including the patented anti-skip technology, error correction capability and other advanced features of our DVD loaders. This order again confirms that our coveted ISO/TS 16949 vendor status offers us a competitive advantage in meeting the special challenges of automotive applications. We are pleased to add Blaupunkt to our expanding list of automotive DVD customers."

Bosch is one of the world's biggest manufacturers of automotive parts and accessories technology. Blaupunkt is the leading manufacturer of in-car stereos in Europe. Blaupunkt produces more than five million in-car stereos and more than 500,000 navigation systems each year.

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 being a supplier to Blaupunkt and shipment schedules. 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, the effect of economic and business conditions, and the success of its relationships with customers 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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