



Digital Video Systems, Inc.

DIGITAL VIDEO SYSTEMS RECEIVES GOING CONCERN OPINION

PALO ALTO, Calif., April 22/PRNewswire-FirstCall/ -- Digital Video Systems, Inc., or DVS, (Nasdaq:[DVID - News](#)), said today that its Annual Report on Form 10-K for the year ended December 31, 2004 includes a going concern qualification.

Nasdaq rules require a listed company to publicly announce if its annual report includes an audit opinion containing a “going concern” – that is, a paragraph from the company’s independent accountants expressing substantial doubt as to the company’s ability to continue to meet its obligations over the next 12 months.

DVS said the reasons cited by its auditors, Stonefield Josephson, Inc., for the going concern paragraph include that DVS has suffered recurring losses from operations and has a working capital deficiency and deficit in stockholders' equity, that raise substantial doubt about the ability to continue as a going concern.

DVS Chairman and CEO Tom Spanier commented, "We are taking steps to address our current financial situation, and we continue to believe we will be successful."

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 DVS's financial performance and the success of future financing efforts, ability to resolve litigation involving the former Chief Executive Officer, 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.

For further information please contact Larissa Licea, Digital Video Systems, Inc., 650-322-8108, ext. 106, or Sean Collins of CCG, 818-789-0100, for Digital Video Systems, Inc.

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