



DVS Digital Video Systems, Inc.

For Immediate Release

DVS Korean Subsidiary Launches New Line of Car DVD Products

PALO ALTO, CALIF. OCT 14, 2003 - Digital Video Systems, Inc. (DVS/NASDAQ: DVID) announced today that DVS Korea (DVSK) is in commercial production of two new DVD products geared to the automotive aftermarket with a third slated for full production at the end of November.

Production on the DSV-800 series of car DVD loaders and the VXM-2000 series of portable car DVD players began in late July, with shipments to Asian and US OEM customers expected to exceed 50,000 units by the end of December. Following the loaders and players, the exciting new VXD-2000 series of car AM/FM/RDS/DVD Receivers, combining the features of a car DVD player and a full-function AM/FM radio, is now in test production with commercial quantities planned for late November.

"Making DVD players and receivers for cars has special challenges," commented DVS CEO Douglas T. Watson. "DVS technology has unique features that make us very competitive in the automotive market. These feature-rich DVD units utilize our patented error correction technology and superior vibration resistance. We are targeting the automotive aftermarket for near-term sales for both loaders and players, mostly because of the long lead times for OEM procurements. However, we do have an active campaign to ultimately grab the brass ring by winning OEM positions for our car DVD products with the automotive manufacturers."

Used in the Company's new DVD players and receivers, the new DSV-800 series car DVD loaders use proprietary DVS technology and sport a new slim design. With its full feature set and exclusive technology, the Company believes that its DSV-800 loader series will become very attractive to OEM suppliers of car DVD players.

Features of the upcoming VXD-2000 Receiver include:

- DVD Video (Double Layer Ready)
- MultiRead: DVD, DVD+ -R/RW, VCD, SVCD, CD, CD-R/-RW, CD-Text, MP3
- Supports both 8cm and 12cm disks
- Digital and Analog Video Out
- 5.1 Ch Preamp Out with 4 v. Output
- 2 pairs A/V input
- Max. Output Power 50W x 4 Ch
- Dolby Pro Logic II
- SPDIF Out (Coaxial)
- DTS Decoding

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"DVS Korea is on the fast track toward higher margin DVD products," Watson concluded. "These new car DVD products are geared to the mobile entertainment market and, when added to our just-announced DVD+RW (rewritable) loader for home use, significantly broadens our reach into high-growth areas."

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 branch offices in South Korea, China and, in the near future, India.

About Digital Video Systems Korea

DVS Korea Co., Ltd. was established in 1998 following the acquisition by DVS of the DVD operations of Hyundai Electronics. Assets acquired included the management and R&D team, manufacturing equipment and capabilities, patents, and a perpetual, worldwide, royalty-free, exclusive license to all DVD-related intellectual properties of Hyundai Electronics. In 2002, DVS Korea began trading on the Korean Stock Exchange (KOSDAQ) as DVS. DVS Korea is currently a leading provider in the worldwide external DVD loader market with an estimated 20% market share.

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, 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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