



**Digital Video Systems, Inc.**

***For Immediate Release***

**DIGITAL VIDEO SYSTEMS, INC. S-3 REGISTRATION STATEMENT DECLARED EFFECTIVE BY SEC**

PALO ALTO, Calif., July 31 --- Digital Video Systems, Inc. (Nasdaq: DVID) today announced that on July 22<sup>nd</sup>, 2003, the Securities and Exchange Commission ("SEC") declared effective DVS' registration statement on Form S-3, which covers the resale of 711,128 shares of restricted common stock of DVS by existing stockholders and upon exercise of warrants.

The Staff of the Securities and Exchange Commission reviewed the Company's Form S-3 registration statement, the Annual Report on Form 10-K for the year ended December 31, 2002 and the quarterly report on Form 10-Q for the period ended March 30, 2003. DVS filed amendments to its registration statement, Form 10-K and Form 10-Q in response to the staff's comments.

Company spokeswoman, Larissa Licea commented, "As part of this registration, the Company has ended a legal dispute which originated over a private placement in 2001 under prior management. By registering shares that are associated both with this dispute and the settlement thereof, we have fully satisfied of all our obligations in an amicable manner and put this matter totally to rest."

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

**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. The company's strategy is to remain a leading solutions provider at the forefront of the DVD industry.

(more)

## 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 Company's products, its activities in India 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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