



DVS Digital Video Systems, Inc.

For Immediate Release

DVS Korea Ships First DVD+RW Loader Under \$4.5 Million Contract

PALO ALTO, CALIF. SEPT 29, 2003 - Digital Video Systems, Inc. (DVS/NASDAQ: DVID) today announced that DVS Korea (DVSK) began shipping its Model DRL 100 DVD+RW (rewritable) loader product, the primary component for DVD+RW recorder/players. The first shipments are part of a US\$4.5 million purchase order from Ellion Digital Inc., a supplier of DVD+RW players to Hyundai Corporation, and it is scheduled to be fully shipped by the end of December.

"The new DVD+RW loader is leading the charge as the first in a wave of new product releases that will boost the technology content of DVS Korea's product portfolio and hopefully also boost margins" said DVS CEO, Douglas T. Watson. "Dr. Song Sim, the new CEO and President of DVSK, led the R&D team that designed the +RW loader. My bet is that customers will figure out fast that our loader is the most robust, has one of the quickest access times and is competitively priced. This is a great product and I believe we are in the game early enough to do well with it."

Watson continued: "As consumers all over the world continue to demand higher quality images and ever-greater flexibility, the market is ripe for DVS to capitalize on its investment in digital video technologies by launching new DVD products that are either not yet commoditized and/or are harder to 'knock off' because we have patents or aren't disclosing our proprietary IP."

DVSK's new DRL-100 Recordable ATAPI DVD+RW loader incorporates proprietary DVS technology and is designed to offer highly accurate recording of digital media, with low acoustic noise, superior resistance to shock, and patented error correction capabilities. The Company anticipates that this new DVD+RW loader will be used as the key system component by a wide range of recorder/player suppliers.

The DVD+RW loader will be manufactured at the DVS/DVSK joint venture in Shanghai, China, Shanghai Fangyan Digital Technology Co. Ltd., (SFDT).SFDT will also manufacture the Ellion Digital DVD+RW recorder/player.

Some of the enhanced features of the Ellion 4.7GB DVD+R/DVD+RW recorder/player with the DVSK DVD+RW loader include:

- * Progressive Scan Out
- * Dolby Digital/DTS Decoder Built-in
- * 60~240min Recordable
- * Plays DVD/DVD-R/DVD-RW/DVD+RW
- * MP3 & JPEG file Compatibility
- * Component Input/Output
- * 2 A/V Inputs, 2 A/V Outputs
- Coaxial & Optical Digital Audio Input

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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