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Release Immediate

Digital Video Systems, Inc.'s Subsidiary Raises \$12 Million on Korean (KOSDAQ) Exchange

SAN JOSE, Calif., Oct. 8 -- Digital Video Systems, Inc. (Nasdaq: [DVID - News](#)), announced that its Korean subsidiary, DVSK, has successfully completed a previously announced initial public offering (IPO) on the KOSDAQ (a Korean stock market). Trading in DVSK commenced on October 1, 2002. The IPO entailed the sale of 6 million shares of DVSK Common. The proceeds will be used to fund the Company's new product program including a DVD player for the automobile market and re-writable DVD drives for the computing and audio markets. A portion of the proceeds will also provide additional working capital to support increasing loader production.

Doug Watson, President of Digital Video Systems the holding company stated, "The proceeds from this Korean IPO will help our ongoing new product program. This helps us fund the launch of a new slim-line DVD player, which uses our patented error correction circuits and is targeted for the automotive market. This also supports our growing DVD loader production, currently running at 1 million units per month, and our new re-writable DVD drive, both of which target the computing and audio markets."

The Company's ability to realize a higher valuation in Korea (\$40 million U.S.) was a key factor in its decision to raise capital on the KOSDAQ, and reflects the Company's position as a leading worldwide supplier in the growing DVD market segment. Although the offering dilutes the parent Company's ownership from 74.6% to 51.4% the parent company will continue to be the majority shareholder.

Shareholders interested in following the trading of DVSK on the KOSDAQ exchange, the Internet address is <http://english.kosdaq.or.kr/> . The trading symbol is DVS.

About DVS

Digital Video Systems, Inc., established in 1992, specializes in the development and application of digital video technologies. The Company currently develops and markets DVD loaders for DVD video players in the consumer electronics market.

DVS is a publicly held company headquartered in San Jose, California, with subsidiaries and branch offices in South Korea and China.

Any statements made in this release that are not historical facts contain forward-looking information that involves risks and uncertainties. Important factors that may cause actual results to differ include, but are not limited to, 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.