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## **DVSI SHIPS FIRST DVD COMBI ORDER**

**San Jose, Calif., -- August 27, 2002 -- Digital Video Systems, Inc. (NASDAQ: DVID)** announced that this month it shipped the first 5,000 units of its code merge single board solution to European-based VESTEL Electronics Industry and Trade S.A. – The DVSI single board solution integrates dozens of discrete and integrated circuit (“IC”) components on a single, highly compact, printed circuit board.

The new single board solution was developed over a two-year period by DVSK’s R & D team as a way to eliminate the need for several costly components used in the current generation of DVD loaders. In addition to greatly reducing manufacturing costs, this innovation enables DVSI to produce a slimmer version DVD loader that can be used in highly compact DVD players used in homes, cars and portable devices.

Doug Watson, DVSI’s President, commented: “The new single board solution gives us a powerful tool that we can use to maintain our gross margins as well as to open up new product opportunities. We think this demonstrates that the combination of our world-class Korean research team with our Shanghai expertise in low cost manufacturing gives us a significant competitive advantage. We intend to exploit this new single board solution as aggressively as we can in order to expand our current market share in DVD related products. “

### **About DVSI**

Digital Video Systems, Inc. based in San Jose, California, has developed technologies for digital video applications such as ad-insertion systems, network video (NVOD) servers, video CD players, and commercial video kiosks. DVSI has the ownership of, and/or the worldwide exclusive rights to, more than one hundred patents and patent applications relating to Digital Versatile Disc (DVD) technologies. The Company currently develops and markets DVD loaders for DVD video players and DVD-ROM drives for personal computers in the consumer electronics and computer peripherals markets.

DVSI is a publicly held company headquartered in San Jose, California, with subsidiaries and branch offices in South Korea and China. DVSI may be contacted at [www.dvsystems.com](http://www.dvsystems.com) or at 408.392.0268.

### **SAFE HARBOR STATEMENT**

This press release contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 that involve various risks and uncertainties. DVSI’s actual results may differ materially from those described in the forward-looking statements due to a number of factors, including, but not limited to, risks of competition, the enforceability of DVSI’s patents and other intellectual property rights, risks relating to the development and market acceptance of DVSI’s products, risks relating to joint development projects, risks of conducting business in foreign countries and risks of limited capital after substantial losses in prior years. Other risks and uncertainties include changes in competitive behavior or market forces, changes in the legal or regulatory environment, changes or lack of changes in consumer preferences over time, technological challenges and an inability to forecast future technological developments and products. Further information on risk factors that could affect results is detailed in DVSI’s filings with the Securities and Exchange Commission, including the Company’s Annual Report on Form 10-K for the twelve months ended December 31, 2001 and its Form 10-Q for the quarter ended June 30, 2002, including without limitation information under the captions, “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.